

**ITEM 1**  
**Cover Page**

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**Meridian Credit Management LLC**  
**dba Gulf Stream Asset Management**

**FORM ADV PART 2A**

**March 6, 2020**

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**Business Address**

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**This brochure provides information about the qualifications and business practices of Meridian Capital Management LLC doing business as Gulf Stream Asset Management (“GSM”). If you have any questions about the contents of this brochure (“Brochure”), please contact us at 704-499-5368 and or wtaylor@gulfstreammgt.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about GSM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

GSM 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**

GSM is required to identify and provide a summary of any material changes that were made to this Brochure since its last annual update, or in its case, its initial filing dated July 23, 2019.

Accordingly, please note the following:

As outlined in Item 11, from time to time GSM may cause our clients to engage in principal and/or “agency” cross transactions between CLO Fund client accounts in which GSM or one of its affiliates acts as broker-dealer for both CLO Fund clients in the transaction to the extent permitted and authorized under such clients’ applicable governing documents, restrictions and investment guidelines.

GSM will conduct such transactions in accordance with applicable law, including Section 206(3) of the Advisers Act.

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

##### **Advisory Business**

Gulf Stream Asset Management, LLC (“GSM”) was formed as a Delaware Limited Liability Company on September 25, 2017 and commenced operations on May 23, 2019. Its principal place of business is at Capitol Towers South, 4305 Congress Street, Suite 125, Charlotte, NC 28209. GSM is wholly owned by Mr. Mark B. Mahoney, its CEO and Founder. GSM advises and holds certain CLO Funds and warehouse vehicles (“CLO Warehouses”) and our advice is limited to those activities.

The CLO Funds are organized in the Cayman Islands, United States (“U.S.”) or the European Union (“EU”) as exempted companies that 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.

We provide investment advice to CLO Funds (the “Funds” or the “CLOs”) regarding U.S. institutional leveraged loans, high yield debt corporate debt instruments, other derivatives, structured credit products and other credit debt investments (“Credit Instruments”). Credit Instruments are generally made by direct purchases with major financial institutions. GSM may also use leverage in pursuing Funds’ investment objectives.

GSM’s objective in managing the investment portfolio of each Fund is to achieve preservation of principal and above average returns via income and capital appreciation.

The advisory relationship between each Fund and GSM is governed by the respective investment management agreement between the CLO and GSM (“Management Agreement”) and the terms of other relevant Fund governing documents. Accordingly, our advisory services are tailored to the specific needs of each Fund.

In connection with providing investment management services, GSM is appointed as investment adviser with discretionary trading authorization for the Funds.

Advice is provided in accordance with the investment objectives and guidelines set forth in each Fund’s governing documents and investment guidelines and thus the Funds may impose certain restrictions on investments.

As of December 31, 2019 GSM had \$539,383,139 of assets under management, all on a discretionary basis.

#### **ITEM 5**

##### **Fees and Compensation**

GSM receives management fees in connection with the investment management services it

provides to each of the Funds and may also receive performance fees. Such management fees, performance fees or other compensation generally are negotiable and established at the beginning of the advisory relationship with each Fund. 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 Fund. Such compensation may be negotiated with strategic partnerships, managed accounts and certain other investors in certain limited circumstances.

Management fees may be subject to waiver or rebate. 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 Funds' account and dependent in part on certain cash distribution constraints set forth in the governing documents for each Fund.

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

GSM may also receive an incentive fee as set forth in the Funds' indentures. Incentive fees are also 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.

All performance-based compensation payable to GSM 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 GSM 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.

GSM may also receive management fees payable under CLO Warehouse documents as negotiated by GSM on a deal-by-deal basis.

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

Each Fund typically pays or otherwise bears all fees, costs, expenses and other liabilities incurred in connection with the formation and organization of such Fund (collectively, the "Organizational Expenses"). Fees, costs and expenses will differ in each Fund.

Each Fund, 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"). These Operating Expenses include taxes, brokerage commissions, clearing and settlement fees and other typical transaction expenses related to closing and execution. The Operating

Expenses of a particular Fund are set forth in its governing documents and related offering documents.

All fees, costs and expenses incurred by GSM 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.

GSM and its affiliates from time to time incur fees, costs and expenses on behalf of more than one Fund or multiple Funds. To the extent such fees, costs and expenses are incurred for the account or benefit of more than one Fund, each Fund 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 Fund's applicable governing documents) or in such other manner as GSM considers fair and equitable under the circumstances. GSM endeavors to allocate such fees, costs and expenses on a fair and equitable basis over time.

Apollo Management Holdings, L.P., Apollo Capital Management, L.P. and their affiliates (collectively the "AGM Group") and Redding Ridge Asset Management LLC ("RRAM" and together with the AGM Group, the "Service Providers") provide certain services to GSM. Such services may include, but are not limited to: (i) certain administrative and back-office services including making available certain non-credit facilities, systems, and other infrastructure assistance; and, (ii) the provision of certain non-discretionary services related to structuring and other strategic guidance and advice with respect to the Funds and CLO Warehouses. providing middle, back-office and other administrative services, including, but not limited to, supporting legal, tax, compliance and risk functions. In consideration for providing such services, certain members of the Service Providers are entitled to service fees pursuant to service agreements with GSM and are entitled to be reimbursed for certain costs and expenses pursuant to such service agreements.

Funds and CLO Warehouses are required to pay fees, costs or expenses prior to their closing dates. In addition, no employee of GSM or its affiliates receives compensation in connection with the sale of interests in CLOs or CLO Warehouses.

Additional information relating to GSM's brokerage practices is outlined in Item 12 – Brokerage Practices.

## **ITEM 6**

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

As discussed in Item 5 above, GSM may receive performance fees, or other incentive compensation from the Funds for which it provides investment advisory services. Performance-based fees and other economic interests may create an incentive for GSM to favor, or to take increased investment risk with respect to Funds 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, GSM may have an incentive to favor, or

to take increased investment risk with respect to Funds from which it receives higher performance-based compensation, or has a greater economic interest, over Funds where lower performance-based compensation is received, or GSM otherwise has a lesser economic interest. GSM has adopted policies and procedures to address these conflicts and ensure allocation of trades and securities to client accounts on a fair and equitable basis, taking into account the client's investment objectives and strategies, as well as other relevant factors including applicable law. Please see Item 11 for additional information on policies and procedures designed to mitigate conflicts of interest.

## **ITEM 7**

### **Types of Clients**

GSM was formed with the intent of providing investment advisory services to Funds and CLO Warehouses. Investment in the Funds and related 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." The Funds and CLO Warehouses may have a specified minimum investment amount set forth in their governing documents. GSM targets a broad range of institutional investors, meeting the criteria set forth above.

## **ITEM 8**

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

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

The following is a summary of the investment strategies and methods of analysis employed by GSM. This summary does not in any way limit GSM's investment activities. GSM may offer advisory services, provide advice with respect to investment strategies and make investments, including those that may not be described in this Brochure, that GSM considers appropriate, subject to each Fund or CLO Warehouse's investment objectives and guidelines. Specific descriptions of such 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.

GSM's investment strategy focuses primarily on leveraged credit, including senior secured bank loans.

GSM performs research into 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, GSM or its service providers providing research services may 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 GSM or its service providers deem relevant. For individual loans, GSM may research credit history; for loan portfolios, GSM may research, among other things, payment and loss history, contractual terms and interest income. GSM or its service providers may engage the services of experts and consultants to supplement their research.

Participation in the Funds 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 may involve the risk of total loss of an investor's investment.

Investors should be aware that a CLO's mandate may limit such CLO to certain types of investments, which may not be diversified. The CLOs are generally not intended to provide a complete investment program and GSM 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.** GSM 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, GSM 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, GSM'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. GSM'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 GSM 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 GSM 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 GSM 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 GSM, 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, mortgage securities, real estate, payment in-kind loans, high-yield debt, senior debt, commercial loans, synthetic securities, trade and credit derivatives, structured securities 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.

**No Assurance of Investment Returns.** GSM 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 may 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 may 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 GSM 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.

**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 may require extensive and customized documentation, the payment of significant fees and the consent of the agent bank or underlying obligor. In addition, certain investments may be subject to legal or contractual restrictions or requirements that limit the CLO’s ability to transfer or sell them for cash. The resulting illiquidity of these investments may make it 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 GSM 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 may become non-performing for a variety of reasons and as a result, 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 GSM 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 may 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 might 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 may be 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 securities 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 may increase the risk of their defaulting on their obligations, leaving creditors, such as CLOs, dependent on any guarantees or collateral they may 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 may 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.

**Balloon Loans, Bullet Loans and Refinancing Risk.** A significant portion of the CLOs' portfolio investments will be composed of Debt Obligations that are either balloon loans or bullet loans. Balloon and bullet loans involve a greater degree of risk than other types of transactions because they are structured to allow for either small (balloon) or no (bullet) principal payments over the term of the loan, requiring the obligor to make a large final payment upon the maturity of the Debt Obligation. The ability of such obligor to make this final payment upon the maturity of the Debt Obligation typically depends upon its ability either to refinance the Debt Obligation prior to maturity or to generate sufficient cash flow to repay the Debt Obligation at maturity. The ability of any obligor to accomplish any of these goals will be affected by many factors, including the availability of financing at acceptable rates to such obligor, the financial condition of such obligor, the marketability of the collateral (if any) securing such Debt Obligation, the operating history of the related

business, tax laws and the prevailing general economic conditions. Consequently, such obligor may not have the ability to repay the Debt Obligation at maturity, and the Issuer could lose all or most of the principal of the Debt Obligation. Given their relative size and limited resources and access to capital, some obligors may have difficulty in repaying or refinancing their balloon and bullet Debt Obligation on a timely basis or at all.

**General Market Risks.** Recent legal and regulatory changes have, and additional legal and regulatory changes that could occur during a CLO's applicable term might adversely impact CLOs. 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 may continue. The effect of such new regulations on CLOs, while impossible to predict, could be substantial and adverse and may, 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 GSM, 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 GSM may be or may 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 may increase the exposure of CLOs to potential liabilities and to legal, compliance and other related costs and may 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 may 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 may 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. A CLO may, but is not required to, elect to hedge 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.

**International Investing.** Certain of the CLOs' portfolio investments will be obligations of, or securities issued by, obligors located and/or operated in jurisdictions outside the United States, including certain tax advantaged jurisdictions. Investing outside the United States may involve greater risks than investing in the United States. These risks include: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; and (iii) the difficulty of enforcing legal rights in a foreign jurisdiction and uncertainties as to the status, interpretation and application of laws. Moreover, foreign companies are generally not subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to United States companies. Foreign markets also have different clearance and settlement procedures, and in certain markets there have been times when settlements have failed to keep pace with the volume of transactions, making it difficult to conduct such transactions. In addition, obligations of non-U.S. obligors may be subject to various laws enacted in their home countries for the protection of debtors or creditors, which could adversely affect a CLO's ability to recover amounts owed. These insolvency considerations will differ depending on the country in which each obligor is located and may differ depending on whether the obligor is a non-sovereign or a sovereign entity.

**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, GSM 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 "CFTC"), the SEC and the Consumer Financial Protection Bureau (the "CFPB") 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 may 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. CLOs may also be subject to consumer disclosures and substantive requirements on consumer loan terms and other federal regulatory requirements applicable to consumer lending that are administered by the CFPB. 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 may 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 may also indirectly be 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 recently enacted legislation (including the Dodd-Frank Act and the regulations that are being developed pursuant to such legislation), and consequently, the full impact that such legislation ultimately will have on CLOs, GSM or its affiliates is not fully known to date.

These new and expanded regulations and regulatory powers may 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 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 as a result, there is a possibility that GSM 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 GSM Management, and ultimately, judgments may be rendered against a CLO for which such CLO does not carry insurance.



**Risk Retention Information.** In accordance with risk retention requirements promulgated under Articles 404-410 of the EU Capital Regulation Requirements (as the same may be amended and including any similar or successor statutes or regulations) ("EU Capital Regulation Requirements"), GSM may 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 Capital Regulation Requirements. Such interests may consist of securities issued by the CLO that are required to be held by GSM as "originator" or "sponsor" (each as defined in the EU Capital Regulation Requirements) in order for the corresponding CLO to comply with the EU Capital Regulation Requirements. These securities may be held through (i) a "vertical slice" equal to a 5% pro-rata percentage of the face value of each tranche of the CLO or (ii) a "horizontal slice" equal to 5% of the fair value of all of the securities issued in the CLO via the first loss or "equity" tranche. Additionally, GSM may hold CLO securities in addition to the requisite risk retention amount. There has been no explicit guidance regarding whether entities may 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 GSM and its affiliates, and the manner in which they expect to hold retention interests, will satisfy the EU Capital Regulation Requirements. The EU Capital Regulation Requirements are subject to changes, clarifications and interpretations by governmental authorities that may have an adverse effect on GSM 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 "arms-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, GSM 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, GSM may still elect to act as the "originator" or "sponsor" (in each case, as defined in the EU Capital Regulation Requirements) for purposes of compliance with the EU Capital Regulation Requirements for CLOs in which it acts as collateral manager.

The impact of the EU Capital Regulation Requirements and the U.S. Risk Retention Rules 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 may have a significant effect on interest rates and on the U.S. and world economies generally, which in turn may affect the performance of the investments of CLOs. Further financial crises may 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 Uncertainty.** Markets in which clients are invested, or to which clients are exposed, may experience political uncertainty (e.g., Brexit) that subjects investments to heightened risks, even when made in established markets. These risks include: greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); greater social, economic and political instability (including the risk of war or natural disaster); increased risk of nationalization; greater governmental involvement in the economy; less governmental supervision and regulation of the securities markets and participants in those markets; controls on foreign investment, capital controls and limitations on repatriation of invested capital and on the clients' ability to exchange currencies; inability to purchase and sell investments or otherwise settle security or derivative transactions (e.g., a market freeze); unavailability of currency hedging techniques; slower clearance; and difficulties in obtaining and/or enforcing legal judgments.

During times of political uncertainty, the securities, derivatives and currency markets may become volatile. There also may 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 may be extremely limited.

Markets experiencing political uncertainty may have substantial, and in some periods, extremely high rates of inflation for many years. Inflation and rapid fluctuations in inflation rates may 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 and the additional states, which, together with the EU, comprise the European Economic Area ("EEA") to regulate managers of alternative investment funds that are not Undertakings for the Collective Investment of Transferable Securities, but which are marketed or managed in the EU. Since July 2013 the AIFMD has restricted the extent to which CLOs can be marketed to potential investors in the EEA. The AIFMD imposes significant new regulatory requirements on investment managers operating within the EEA, including with respect to conduct of business, regulatory capital, valuations, disclosures and marketing. Interests in alternative investment funds organized outside of the EEA that are marketed within the EEA are now subject to significant ongoing obligations. Such funds may be marketed in each EEA jurisdiction only in compliance with

the requirements of that jurisdiction to register the fund for marketing 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. Further requirements and restrictions may apply where CLOs invest in EU companies, including limits on certain investment and realization strategies, such as dividend recapitalizations and reorganizations. Such rules could potentially impose material additional costs on the operation of GSM's business or investments in the EEA and could limit GSM's operating flexibility within the relevant jurisdictions. In some countries, additional obligations are imposed as a condition of registration. For example, in Germany and Denmark, marketing of a non-EEA fund now also requires the appointment of one or more depositaries (with cost implications for the fund). Depending on the activities of each CLO, additional restrictions on investment activities may also apply if they are marketed to EEA investors. Accessing EEA investors may be more difficult as a result, and CLO costs may increase to reflect the additional requirements.

**Foreign Corrupt Practices Act Considerations.** GSM seeks to comply with the U.S. Foreign Corrupt Practices Act ("FCPA") and other anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations to which it is subject. As a result, CLOs may be adversely affected because of their unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations may 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. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. In addition, the United Kingdom ("UK") has significantly expanded the reach of its anti-bribery laws. While GSM has developed and implemented policies and procedures designed to ensure strict compliance by GSM and its personnel with the FCPA, such policies and procedures may not be effective in all instances to prevent violations. Any determination that GSM has violated the FCPA or other applicable anti-corruption laws or anti-bribery 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 GSM'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 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 investment from or manage funds on behalf of state and local government entities. Such restrictions can include limits on the ability of the managers to make political contributions to, or fundraise for, 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. In addition, many pay-to-play regimes (including the SEC pay-to-play rule for investment advisers) impute the personal political activities of certain executives and employees, and in some instances, their spouses and 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 and future investment opportunities, rescission of current commitments and issues involving pay-to-play violations, and alleged pay-to-play violations often receive substantial media coverage. A failure to comply with applicable pay-to-play laws, regulations or policies by GSM, 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 GSM, service providers to CLOs and/or their respective affiliates could cause significant losses to such CLOs. Misconduct may 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 may result in reputational damage, litigation, business disruption and/or financial losses to such CLOs. GSM has controls and procedures in place that seek to minimize the risk of such misconduct occurring. However, no assurances can be given that GSM will be able to identify or prevent such misconduct.

**Changes in Investment Focus.** CLOs are frequently 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 contain a description of the types of investments that other CLOs have historically made and/or information about GSM'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 is permitted to, subject to the limitations in such CLO's governing documents, concentrate its portfolio investments by investing all of its assets in only a few issuers, industries or countries. By investing in a limited number of portfolio investments, the aggregate returns realized by a CLO may be substantially affected by the unfavorable performance of a small number of such portfolio investments.

**Leverage.** CLOs borrow and utilize various forms of leverage and expect to operate with a significant leverage ratio. Although leverage presents opportunities for increasing a CLO's total return, it also has the effect of potentially increasing losses. 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, CLOs employ 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 may 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, GSM may make certain financial projections with respect to securities in, or loans to, a company. Projected operating results normally will be based primarily on GSM'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.

**Participation Interests.** Certain CLOs purchase participation interests in debt instruments that do not entitle the holder thereof to direct rights against the obligor. Participations held by a CLO in a selling institution's portion of a debt instrument typically result in a contractual relationship only with such selling institution, not with the obligor. CLOs generally have the right to receive payments of principal, interest and any fees to which they are entitled only from the selling institution selling the participation and only upon receipt by such selling institution of such payments from the obligor. In connection with purchasing participations, a CLO generally will have no rights to enforce compliance by the obligor with the terms of the related loan agreement and no rights of set-off against the obligor, and such CLO may not benefit directly 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 selling institution, CLOs could be treated as general creditors of such selling institution, and if so, not benefit from any set-off between such selling institution and the obligor. When CLOs hold a participation in a debt instrument, they may not have the right to vote to waive enforcement of any restrictive covenant breached by an obligor. In addition, if a CLO does not vote as requested by the selling institution, it could be subject to repurchase of the participation at par. Selling institutions voting in connection with a potential waiver of a

restrictive covenant could have interests different from those of the CLO, and such selling institutions are not required to consider the interests of the CLO in connection with their votes.

**Synthetic Securities.** Certain CLOs invest in synthetic securities, such as swaps (including total return swaps), synthetic swaps, over-the-counter transactions and other derivative instruments. Investments through the purchase of synthetic securities present risks in addition to those resulting from direct purchases of the underlying securities or assets. With respect to synthetic securities, CLOs usually will have a contractual relationship only with the counterparty of such synthetic security and not the underlying obligor. CLOs generally will have neither the right to enforce directly compliance by the underlying obligor, nor any voting or other consensual rights of ownership with respect to the underlying obligation. CLOs will not benefit directly from any collateral supporting the underlying obligation and will not have the benefit of the remedies that would normally be available to a holder of such underlying obligation. In addition, in the event of the insolvency of the counterparty, CLOs will be treated as general creditors of such counterparty and will not have any claim of title with respect to the underlying obligation. Consequently, CLOs will be subject to the credit risk of the counterparty, as well as that of the underlying obligor. As a result, concentrations of synthetic securities entered into with any one counterparty will subject CLOs to an additional degree of risk with respect to defaults by such counterparty, as well as by the underlying obligor.

**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 may 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 GSM or its vendors and service providers, including AGM and its affiliates, may also lead to theft, data corruption or overall disruption in operational systems. These threats may 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**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Gulf Stream's advisory business or the integrity of its management. We have no information to report that is applicable to this item.

**ITEM 10**  
**Other Financial Industry Activities and Affiliations**

We have no other financial industry activities or affiliations to report. All employees of GSM are required to disclose to our management any affiliation, pending affiliations, or compensation received, either directly or indirectly, from any entity other than Gulf Stream.

**ITEM 11**  
**Code of Ethics, Participation or Interest in Client Transactions and Personal**

GSM 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 GSM (each a “Covered Person”). GSM 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, and any actual or potential conflicts of interest or any abuse of a Covered Person’s position of trust and responsibility must be avoided;
- 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.

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; exchange-traded funds and closed-end funds; mutual funds (e.g., open-ended investment companies); variable annuities; commodities; and transactions in fully-managed accounts.

The Code provides that approval generally will not be granted for securities of companies on GSM’s restricted list.

Subject to limited exceptions, each Covered Person must periodically submit to the Chief Compliance Officer or designee 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, which may include the Covered Person's spouse, children, stepchildren, grandchildren, parents, grandparents, stepparents, siblings or persons with whom a Covered Person has an adoptive or in-law relationship; or (iii) any other person to whose support a Covered Person significantly contributes (each individual identified in clauses (ii) and (iii), a "Relevant Person").

Submission to the Chief Compliance Officer or designee 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 financial institution statements include all required information for all securities. The Chief Compliance Officer or designee shall ensure that duplicate account information for all accounts of Relevant Persons is sent and received by GSM and reviewed for any improprieties.

The Code requires each Covered Person to prepare or certify, on at least an annual basis, reports of securities holdings and transactions.

The Code includes policies and procedures concerning "inside information" (the "Insider Trading Policies") that are designed to prevent the misuse of material, non-public information. 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 GSM and Covered Persons from trading for CLOs 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, GSM may have access to Inside Information, and as a result, be restricted from effecting transactions in certain investments that might otherwise have been initiated. For example, there may be certain cases where GSM or its personnel receive Inside Information due to their various activities, which could result in either limited liquidity or in GSM or its personnel being prohibited from using such information for the benefit of the CLOs. GSM 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.

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 GSM'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.

GSM generally does not engage in principal transactions (i.e., transactions where GSM, acting as principal for its own account or that of an affiliate of GSM, buys from or sells any security to a client's account). However, under certain circumstances and subject to applicable client governing documents, restrictions and investment guidelines, GSM may direct one CLO Fund to trade securities with another CLO Fund through an internal cross-trade transaction in which GSM does not receive compensation for arranging such trade. Such internal cross-trade transactions will be effected in accordance with applicable legal and regulatory requirements, including the Advisers Act and its rules thereunder, as well as GSM's compliance policies and procedures. To the extent that any internal cross-trade or other transaction involving the CLO Funds or GSM is deemed to be as a principal transaction due to the direct participation of GSM itself or an ownership interest in either CLO Fund by GSM or its affiliates or otherwise, GSM will conduct such transactions in accordance with applicable law, including Section 206(3) of the Advisers Act.

In addition and under certain circumstances, GSM may conduct "agency" cross transactions between CLO Fund client accounts in which GSM or one of its affiliates acts as broker-dealer for both CLO Fund clients in the transaction to the extent permitted and authorized under such clients' applicable governing documents, restrictions and investment guidelines. Such agency cross transactions shall also be conducted in accordance with applicable legal and regulatory requirements, including the Advisers Act and its rules thereunder.

## **ITEM 12**

### **Brokerage Practices**

GSM 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, GSM considers various factors, such as execution capability, transaction charges, such as spreads, financial responsibility, confidentiality and responsiveness.

GSM communicates with the various broker-dealers in the market place and maintains a database on all of the assets it manages. Prior to every trade, GSM 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 GSM 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. GSM 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 might 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.* GSM 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, GSM may prefer 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. GSM believes that it is important to transact with dealers that understand these factors.

GSM does not participate in any commission sharing arrangements where brokerage business is promised in exchange for proprietary or third party services (“soft dollar” arrangements).

If GSM determines that the purchase or sale of the same security is in the best interest of

more than one client, GSM may, but is not obligated to, aggregate orders in order to reduce transaction costs to the extent permitted by applicable law. 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 GSM. In any case in which GSM 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 GSM. In the event of a partial fill, allocations generally will be made pro rata based on the initial order but may be modified on a basis that GSM deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. This may result in allocations of certain investments on other than a pro rata basis.

There can be no assurance, however, that the application of the foregoing 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 13**

#### **Review of Accounts**

The Funds’ accounts are reviewed daily by the portfolio managers and not less frequently than monthly by the Portfolio Management Committee (PMC) of GSM. The nature of the PMC review is to assess overall portfolio strategies, performance and compliance with the Fund indentures. The actual responsibility for the execution of these roles resides with the Portfolio Managers.

Gulf Stream provides periodic unaudited und performance information no less frequently than quarterly to CLO Fund investors. The CLO Fund’s trustee provides CLO Fund investors with written quarterly reports on the particular CLO Fund’s performance.

### **ITEM 14**

#### **Client Referrals and Other Compensation**

We do not currently compensate any third parties for client or investor referrals. In the future, GSM may enter, agreements with third party solicitors (“Solicitors”), whereby the Solicitors will refer their clients to the Funds in exchange for a referral fee from GSM.

## **ITEM 15**

### **Custody**

GSM 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.

## **ITEM 16**

### **Investment Discretion**

GSM 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 GSM's discretion. GSM'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 GSM's authority, if any, to vote on modifications to loan terms and covenants without investor guidance.

Although GSM has the authority and responsibility to vote proxies on behalf of the CLO Funds, the CLO Funds typically do not hold assets that warrant proxy voting. In the event that Fund does so in the future, Gulf Stream has proxy voting policies, including policies regarding conflicts of interest that would govern such activities.

## **ITEM 18**

### **Financial Information**

GSM is not aware of any financial condition reasonably likely to impair its ability to meet its contractual commitments to clients or has not been the subject of a bankruptcy petition.