

**FORM ADV**  
**Part 2A: Firm Brochure**  
**Item 1: Cover Page**

# **Pretium Credit Management, LLC**

**SEC File # 801-71699**  
**CRD # 154057**

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**March 11, 2021**

*This Firm Brochure provides information about the qualifications and business practices of Pretium Credit Management, LLC. If you have any questions about the contents of this Firm Brochure, please contact us at the phone number listed above.*

*The information in this Firm Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Please note, where this Firm Brochure may use the terms “registered investment adviser” and/or “registered”, registration itself does not imply a certain level of skill or training.*

*Copies of this Brochure may be requested by contacting Eric Bothwell at (917) 877 6516 or [compliance@pretium.com](mailto:compliance@pretium.com).*

*Additional information about the firm and its representatives is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*

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## Item 2: Material Changes

This Brochure amends the Brochure dated March 30, 2020. Since the last update of this Brochure, Pretium Credit Management (“PCM”) has added a section regarding participation in client transactions in Item 11 and revised Item 10 to include additional affiliates. Amendments may have been made to this PCM Brochure, which are not discussed in this summary, and consequently, PCM encourages all clients to review the entire PMC Brochure.

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#### **Item 4: Advisory Business**

PCM is a limited liability company formed in the state of Delaware in January of 2011. PCM is primarily owned by Donald Mullen. PCM provides fee-based investment management to pooled investment vehicles (each, a “Fund”), collateral loan obligations (“CLOs”), separately managed accounts and a mutual fund (collectively referred to as “clients”).

PCM’s investment strategies are focused on corporate credit, structured products collateralized by corporate credit, and distressed debt and equity. The firm invests primarily in broadly syndicated loans, debt and equity of public companies, as well as securities issued by CLOs. PCM identifies and selects investment opportunities using a disciplined assessment of the fundamental value underpinning each security or loan. The firm employs a “buy-and-hold” investment strategy augmented by ongoing relative value portfolio rebalancing.

PCM does not tailor advisory services to the individual or particular needs of investors in the mutual fund, the separately managed accounts, the Funds or the CLOs, but instead provides advisory services consistent with the offering and organizational documents of each client.

PCM acts as a sub-advisor to the Ziegler Floating Rate Fund, a mutual fund registered under the Investment Company Act of 1940. Interested investors should refer to the Ziegler Floating Rate Fund's prospectus and SAI for important information regarding objectives, investments, time-horizon, risks, fees, and additional disclosures. These documents are available on-line at [www.zcmfunds](http://www.zcmfunds.com)

[.com](http://www.zcmfunds.com). Prior to making any investment in the Ziegler Floating Rate Fund, investors and prospective investors should carefully review these documents for a comprehensive understanding of the terms and conditions applicable for investment in the Ziegler Floating Rate Fund.

**Assets Under Management:** Discretionary assets under PCM’s management were approximately \$3,039,459,293 as of December 31, 2020. PCM does not currently manage any non-discretionary assets.

## **Item 5: Fees and Compensation**

### **Valcour Credit Income Partners Fund Fees**

Pursuant to the investment management agreement, PCM charges Valcour Credit Income Partners (“VCIP”) a fixed management fee payable monthly (prorated for partial months). The management fee is equal to 0.125% (1.5% annualized) of the month-end net asset value of each Series of Class A shares of VCIP and 0.1666% (2.0% annualized) of the month-end net asset value of each Series of Class B shares of VCIP.

In addition to management fees, PCM is entitled to a performance fee equal to 20% of the increase in the net asset value of VCIP shares during each calendar year. Such fee is earned and payable as set forth below.

A high-water mark is employed so that no performance fee is charged with respect to any share until any decline in the net asset value of such share in any prior year is offset by subsequent increases in the net asset value of such share. Because VCIP’s assets are recorded in VCIP’s financials accounts at their fair value, the performance fee reflects any net changes in the unrealized appreciation or depreciation in the value of VCIP’s portfolio as of the close of each year as well as gains and losses realized during the year and net investment income or loss.

An additional computation of the performance fee is made as of each date prior to the close of a calendar year when any shares are redeemed (as if such redemption date were the close of a calendar year). The amount of any performance fee attributable to the shares being redeemed is earned and payable to the investment manager.

The investment manager may, in its sole discretion, reduce, waive or calculate differently the management and/or the performance fee with respect to certain shareholders, including, without limitation, shareholders that are members, partners, affiliates or employees of the investment manager, or members of the immediate families of such persons and trusts or other entities for their benefit.

### **Pretium Structured Credit Opportunities Fund Fees**

Pursuant to the investment management agreement, PCM charges Pretium Structured Credit Opportunities Fund (“PSCOF”) a fixed management fee payable monthly (prorated for partial months). The management fee is equal to 0.125% (1.5% annualized) of the month-end drawn capital.

In addition to management fees, PCM is entitled to a performance fee equal to 20% of the realized return to PSCOF investors after such investors have received an 8% preferred return (compounded annually each December 31).

The investment manager may, in its sole discretion, reduce, waive or calculate differently the management and/or the performance fee with respect to certain shareholders, including, without limitation, shareholders that are members, partners, affiliates or employees of the investment manager, or members of the immediate families of such persons and trusts or other entities for their benefit.

#### **Pretium Ultra, Pretium Special Situations Opportunities and Pretium Advisors Fund Fees**

Pursuant to the investment management agreements, PCM charges the funds: (1) a management fee that ranges from 1.0% to 2.0% (annualized) that is calculated and payable quarterly in advance based on either account balance or drawn capital, depending on the fund. Management fees exclude, in each case, the accrual of any performance allocation to PCM or its affiliates. In addition to the management fee, PCM or its affiliates receives a performance allocation that is calculated and payable annually that ranges from 15% to 20% (annualized) for all of the above fund structures except Pretium Special Situations Opportunity Master Fund, L.P. and its feeder funds, Pretium Special Situations Opportunity Offshore Fund, L.P., and Pretium Special Situations Opportunities Fund, L.P., for which PCM or its affiliates receives a carried interest that ranges from 17.5%-20% after a preferred return. Fees and terms are not negotiable for the Funds except in limited circumstances at PCM's sole discretion.

The investment manager may, in its sole discretion, reduce, waive or calculate differently the management and/or the performance fee with respect to certain shareholders, including, without limitation, shareholders that are members, partners, affiliates or employees of the investment manager, or members of the immediate families of such persons and trusts or other entities for their benefit.

#### **Collateralized Loan Obligations Fees**

CLO fees are calculated based on the applicable asset amount as of the first day of the related due period. The applicable asset amount is equal to the aggregate principal balance of all collateral obligations plus cash representing principal proceeds. Management fees for CLOs are comprised of "senior" and "subordinated" management fees. The total of these fees generally does not exceed 50 basis points per annum. The trustee bank for each CLO calculates and pays the management fees on a quarterly basis.

In addition, PCM or Pretium Credit CLO Management, LLC (“PCCM”), as applicable may be eligible for an incentive management fee that is payable once the returns on the subordinated notes issued by the CLO exceed a stated amount (a “hurdle rate”). All management and incentive fees are governed by the CLO indenture, collateral management agreement, and private offering memorandum.

### **Mutual Fund Fees**

The investment advisory fees PCM may receive as a sub-advisor to mutual fund(s) are described in the registration statements and/or financial filings of those funds, including the funds’ prospectuses, which are available as described above.

**Side Letters:** PCM may waive or modify the terms of investment for certain large or strategic investors, in side letters or otherwise, in its sole discretion, including but not necessarily limited to, a waiver or lowering of management fees, a waiver or lowering of the performance fees, preferential redemption rights, “Key Man” event provisions, “Most Favored Nation” status and/or increased transparency or reporting.

Management and performance fees are discussed in more detail in each of the Funds’ governing documents or the individual investment management agreement with each separately managed account client. PCM does not have a standard fee schedule for separately managed accounts or co-investment vehicles as they are uniquely negotiated with each client.

All fees paid to PCM for investment advisory services are separate and distinct from the fees and expenses charged by the custodian banks or executing brokers. To the extent set forth in the documents governing each client account, clients may incur additional expenses including organizational and operating costs such as director fees, legal, accounting, auditing, consulting, and other professional expenses, research expenses, software fees (including for internally developed analytics), client related professional liability and other insurance, a share of PCM’s professional liability insurance, expenses related to regulatory compliance or filings, investment expenses such as commissions, interest on margin accounts and other indebtedness, custodial fees, rating agency expenses, broker expenses, asset pricing and asset rating service expenses, compliance services and software, programming and data entry services, registrar and transfer agent expenses, banks service fees, direct fees and expenses such as legal fees and due diligence expenses related to the analysis, purchase or sale of investments (whether or not the investment is made) and other reasonable expenses related to the purchase, sale or transmittal of assets. Information regarding brokerage practices can be found in Item 12, Brokerage Practices.

## **Item 6: Performance-based fees and Side-by-Side Management**

As described above under Item 5 – Fees and Compensation, we receive performance-based profit allocations from our clients. This arrangement may create a theoretical incentive for us to recommend investments that are riskier or more speculative than would be the case in the absence of such profit allocation. Investors are provided with disclosures contained in their respective documents relating to the profit allocation payable to us, and the risks associated with their investment. However, the investment programs for each client differ significantly, thereby minimizing potential conflicts.

## **Item 7: Types of Clients**

PCM provides investment advisory services to pooled investment vehicles (i.e., hedge funds), separately managed accounts, collateralized loan obligations and a mutual fund.

## **Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss**

PCM identifies and selects investment opportunities using a disciplined assessment of the fundamental value underpinning each investment, resulting in differentiated, defensive portfolios with attractive and stable performance.

PCM performs a detailed fundamental analysis of loan and securities offerings and the market overall. Loan analysis consists of a detailed analysis of the borrower's creditworthiness. Borrower analysis includes an assessment of the company's industry position, management team, cash flow, balance sheet, capital structure, and historical results. In addition, PCM conducts relative value analysis, assesses the transaction's financing and covenant package, and the anticipated pricing and liquidity of the investment.

Structured product (e.g., CLO) investing combines an assessment of the collateral using the methods described above along with a detailed quantitative cash flow analysis of the transaction. This quantitative analysis typically includes multiple projections of defaults and prepayments of the collateral pool and incorporates all available information regarding the transaction's specific structuring characteristics.

The main sources of research information used by PCM include: financial newspapers and magazines, inspections of corporate activity, research materials prepared by others,



corporate rating services, annual reports, prospectuses and filings with the United States Securities and Exchange Commission, and company press releases. PCM also employs various quantitative tools such as Intex, Bloomberg, and proprietary models to conduct its analysis.

**Risk of Loss:**

Investing in high-yield loans and CLO securities involves risks of loss that clients should be prepared to bear. The following is not meant to be a complete description of risks. The mutual fund prospectus, SAI, and Fund offering memorandum and/ or other governing documents include additional disclosure regarding risks that should be considered by investors. The assets primarily invested in consist of loan instruments issued by leveraged, below investment grade companies with ratings generally lower than Baa3 by Moody's or BBB by Standard & Poor's that typically involve a high degree of risk.

- **High Yield Securities Risk:** High yield bonds, loans, and preferred securities, which are rated in the lower rating categories by the various credit rating agencies may be subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower- rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.
- **Distressed Investment Risk:** Investment in distressed situations exposes the client to significant risks, including: the difficulty in obtaining information as to the issuer's true condition; legal risk, including laws relating to fraudulent conveyances, voidable preferences, lender liability, and bankruptcy; litigation risk; and liquidity risk.
- **Lack of Diversification and Concentration Risk:** Client accounts will not be diversified among a wide range of types of securities, industry, markets, or

countries. Should such securities, industry, market, or country become subject to adverse financial conditions, the clients' assets shall not be afforded the protection otherwise available through greater diversification of its investments. Accordingly, client portfolios may be subject to more rapid change in value than would be the case if portfolios were required to maintain a wider diversification among types of securities and other instruments.

- **Commercial Loans and Loan Participations Risks:** Commercial loans and loan participations include investments in syndicated, commercial bank loans, whether acquired through assignment or participation. Such arrangements may limit the client's ability to exercise its rights against an issuer and entail certain contractual relationships among the lender and the lending group which could be disadvantageous to the client.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil companies in general may depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They may carry a higher risk of volatility than an electric company, which generates its income from a steady stream of customers who use electricity no matter what the economic environment is like.
- **Counterparty and Broker Credit Risk:** Certain assets will be exposed to the credit risk of the counterparties when engaging in exchange-traded or off-exchange transactions. There may be a risk of loss of assets on deposit with or in the custody of a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions, or the bankruptcy of an exchange clearinghouse. Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

- **Financial Risk:** Borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Foreign Market Risk:** The securities markets of many foreign countries, including emerging countries, have substantially less trading volume than the securities markets of the United States, and securities of some foreign companies are less liquid and more volatile than securities of comparable United States companies. As a result, foreign securities markets may be subject to greater influence by adverse events generally affecting the market, by large investors' trading significant blocks of securities, or by large dispositions of securities, than as it is in the United States. The limited liquidity of some foreign markets may affect our ability to acquire or dispose of securities at a price and time we believe is advisable. Further, many foreign governments are less stable than that of the United States. There can be no assurance that any significant, sustained instability would not increase the risks of investing in the securities markets of certain countries.
- **Inflation Risk:** When inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Interest-Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if the specific asset is well known and widely followed. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Margin Risk:** Borrowing from banks, brokerage firms, and other financial institutions is known commonly as margin. Borrowed funds are invested in additional securities. Gains made with additional funds borrowed will generally cause the value of a portfolio to rise faster than would be the case without borrowing. Conversely, if investment results fail to cover the cost of borrowing, the value of a portfolio could decrease faster than if there had been no borrowing. In connection with borrowing, the borrower may be required to reduce its borrowing on a timely basis in the event the value of assets falls below the coverage requirement of the margin limitations. If there is such a required

reduction of borrowing, the borrower could be required to liquidate securities positions at times when it might not be desirable or advantageous to do so.

- **Market Risk:** The price of any security, including bonds or mutual funds may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Personnel Risk:** The success of the clients, CLOs, Funds and mutual fund are heavily dependent on the activities, judgment and availability of the key personnel of PCM. The clients, CLOs, Funds and mutual fund rely upon the ability of PCM to make investment decisions consistent with such vehicles' investment objectives and policies. Investors generally do not have the opportunity to personally evaluate the relevant economic, financial and other information that PCM will use when selecting and monitoring investments. Should the key personnel of PCM terminate their relationships with PCM, die or become otherwise incapacitated for any period, profitability of the CLOs', Funds' and mutual fund's investments may suffer. In addition, should PCM terminate its relationship with the CLOs, Funds and/or mutual fund, the profitability of such vehicles' investments may suffer.
- **Options:** By purchasing options or warrants ("options"), the buyer is exposed to the risk that the option purchased may expire worthless and that the buyer will suffer a total loss of their investment, which will consist of the option premium plus any transaction costs. Selling options generally entails considerably greater risk than purchasing options as the seller may sustain losses well in excess of the fixed premium received. If the market or the underlying interest moves unfavorably, the seller may need to contribute additional margin to maintain the position. Additionally, if the purchaser exercises the option, the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If, however, the position is "covered" by the seller by holding a corresponding position in the underlying interest, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

- **Structured Products Risk:** For certain types of structured products including collateralized bond obligations and collateralized loan obligations, prepayments may be allocated to one tranche of underlying securities ahead of other tranches, in order to reduce the risk of prepayment for the other tranches. Prepayments may result in capital loss to our clients to the extent that the prepaid asset-backed securities were purchased or valued at a marked premium over their stated amount. Changes in the market perception of the asset backing the security, the creditworthiness of the servicing agent for the underlying asset pool, the originator of the underlying assets, or the financial institution providing any credit enhancement, will all affect the value of a structured product security. In its capacity as purchaser of an asset-backed security, our clients would generally have no recourse to the entity that originated the underlying securities in the event of a default thereon. Additionally, the assets underlying the asset-backed security are subject to prepayment, which may shorten the weighted average life of such securities and may lower their return. Because the assets backing an asset-backed security often may be prepaid without penalty or premium, asset-backed securities are generally subject to higher prepayment risks than other types of debt instruments.
- **Public Health Risk:** Certain countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and most recently, the coronavirus. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy, and business activity in any of the countries in which the Fund may invest and thereby adversely affect the performance of the of the Fund and its investments.

Fund investors should understand that investing in any securities involves a risk of loss of both income and principal that they should be prepared to bear. Investors should refer to the governing documents for a more detailed description of the risks associated with the mutual funds', Funds' and CLOs' strategies.

## **Item 9: Disciplinary Information**

Not applicable.

## **Item 10: Other Financial Industry Activities and Affiliations**

Pretium Partners, LLC ("Pretium Partners") or its affiliates, including, without limitation, Pretium Lattice, LLC has been retained to provide services to the Funds, CLOs or entities

through which investments are held by PCM clients that would otherwise be performed for the applicable client or such entities by third parties, including an order management system, loan analytics, and CLO platform analytics, or other services of the type typically provided by third parties as determined in good faith by the investment manager.

PCCM is a relying adviser that relies on PCM's registration. Certain employees and officers of PCM and/or its parent company also serve as officers and/or employees of PCCM.

Pretium Residential Credit Management, LLC ("PRCM"), an affiliate of PCM, is an SEC-registered investment adviser. Pretium SMA Manager, LLC ("PSMA") is a relying adviser that relies on PRCM's registration. Certain employees and officers of PCM and/or its parent company also serve as officers and/or employees of PRCM and PSMA. PCM and PRCM/PSMA do not invest in the same types of assets, and it is therefore unlikely that a conflict of interest in allocating investment opportunities between clients of PCM and PRCM/PSMA will arise.

Pretium Single-Family Rental Manager III, LLC ("PSFRM"), an affiliate of PCM, is an SEC-registered investment adviser. Certain employees and officers of PCM and/or its parent company also serve as officers and/or employees of PSFRM. PCM and PSFRM do not invest in the same types of assets, and it is therefore unlikely that a conflict of interest in allocating investment opportunities between clients of PCM and PSFRM will arise.

PCM is committed to fulfilling its fiduciary duty to its clients and will implement appropriate internal controls to address potential conflicts of interest.

It is anticipated that employees and officers of Pretium Partners and/or its subsidiaries will provide certain back-office support to PCM, including with respect to accounting, operations, legal and compliance, and may provide support for business development. With respect to reimbursement under PCM's existing client agreements, expenses and overhead associated with the provision of services to PCM by employees and officers of Pretium Partners or its other subsidiaries will be treated the same as those associated with the provision of such services to PCM by its own personnel.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

PCM's Code of Ethics applies to all supervised persons of the firm and describes our high standard of business conduct and fiduciary duty to our clients. The Code of Ethics includes provisions relating to personal securities trading procedures and a prohibition on insider trading among other things. In addition, the Code of Ethics requires pre-clearance of transactions in limited or private offerings and initial public offerings and provides for the placing of certain securities on a restricted or watch list. All supervised persons at PCM must acknowledge the terms of the Code of Ethics annually and as materially amended.

PCM or its affiliates are permitted to trade instruments for their own accounts and engage in personal securities transactions in securities and other instruments in which clients invest, in accordance with the Code. These activities create conflicts of interest between PCM's advisory affiliates and the PCM's clients with regard to such matters as allocation of opportunities and disposition of certain instruments.

PCM's employees or persons associated with PCM may invest in the same securities as those recommended to clients. This may create potential conflicts of interest because (1) PCM or its supervised persons may have an incentive not to recommend the sale of those securities to a client in order to protect the value of their personal investment, and (2) PCM or its supervised persons may have an incentive to place their orders before those of clients in order to obtain a better price. PCM's Code of Ethics addresses these potential conflicts of interest by instituting a standard of business conduct for all supervised persons. In addition, by prohibiting supervised persons from effecting certain securities transactions without obtaining pre-clearance from the Chief Compliance Officer or their designee, placing certain securities on a restricted or watch list and by reviewing personal securities transactions reports filed by supervised persons for potential conflicts of interest.

## **Item 12: Brokerage Practices**

PCM's transactions primarily consist of syndicated bank loans to companies. PCM trades these loans on the primary and secondary markets. Primary market loans are acquired

through large investment and commercial banks. These investment and commercial bank counterparties are well established institutions. PCM may occasionally execute cross trades between client accounts.

As an investment adviser, PCM has a fiduciary duty to seek best execution for client transactions. In selecting a broker for a specific client transaction, PCM will use its best judgment to choose the broker most capable of providing “best execution,” among those willing to execute PCM’s orders. PCM views best execution as obtaining the best qualitative execution for the client at the time the order is placed. In some cases, the best qualitative execution will be achieved by obtaining the lowest possible cost to the client. However, in other cases, the best qualitative execution is achieved when the client’s order is filled in its entirety in the shortest amount of time even if, in hindsight, the client could have incurred a lower total cost by working an order over a longer period of time.

Best execution is a collective consideration of factors concerning the trade in question. Such factors include:

- the security being traded,
- the price of the trade,
- the speed of the execution,
- apparent conditions in the market, and
- the specific needs of the client.

PCM’s primary objectives when placing orders for the purchase and sale of securities for accounts is to obtain the most favorable net results taking into consideration these factors.

PCM may utilize multiple banks and broker-dealers in conducting its investment activities. Banks and broker-dealers are evaluated based on the following:

- The broker-dealer’s ability to execute transactions at a price better than any price limit set by PCM (limit orders),
- Whether the commissions and fees charged by the broker-dealer were fair and reasonable compared to other brokers,
- The broker-dealer’s responsiveness in taking orders from and executing orders for PCM,
- The value of any research provided by the broker-dealer, and
- The efficiency of the broker-dealer’s back-office operations, especially as they relate to the clearance, settlement, and confirmation of transactions.



Based on the above criteria, PCM may not necessarily pay the lowest commission or commission equivalent as specific transactions may involve specialized services on the part of the broker. This would justify higher commissions (or their equivalent) than other transactions requiring routine services. PCM may utilize the brokerage services of multiple broker-dealers to achieve/obtain best performance, execution, and research. Due to the necessity for such services, PCM may pay higher costs for transactions than might be achieved through another broker-dealer.

### **Item 13: Review of Accounts**

Accounts are monitored on an ongoing basis. A more involved review may be made where the following factors have been identified: change in investment objective/strategy, change in market condition, and any other activity that would present cause for more in-depth review.

Clients/investors in the firm's Funds should receive written statements no less than quarterly from applicable custodians. Investors in CLOs managed by the firm should receive monthly reports created and distributed by the Trustee for the relevant CLO. Mutual fund investors receive statements directly from the mutual fund as referenced in the mutual fund prospectus.

### **Item 14: Client Referrals and Other Compensation**

On occasion, PCM may utilize the services of third-party individuals and/or unaffiliated firms to find new investors and other business opportunities. In consideration for such referrals, PCM may compensate the third party with a percentage of the firm's management fee. The firm is aware of the special considerations promulgated under Rule 206(4)-3 of the Investment Advisers Act of 1940 and similar state regulations.

### **Item 15: Custody**

PCM does not maintain custody of the assets of mutual fund(s), Funds or CLOs, although it is deemed, for certain limited purposes, to have custody of certain Fund assets. The cash and securities owned by the mutual fund, the Funds and the CLOs are maintained with qualified custodians or a Trustee. Clients/investors in the firm's Funds should receive written statements no less than quarterly from applicable custodians. Investors in CLOs managed by the firm should receive monthly reports created and distributed by the Trustee for the relevant CLO. Clients should carefully review the statements received from the custodian and/or Trustee and carefully compare them to any reports they may receive from PCM.

## **Item 16: Investment Discretion**

PCM maintains full discretionary authority over managed accounts. Clients acknowledge investment discretion in the investment advisory agreements or collateral management agreements or mutual fund prospectus which contain all applicable limitations to such authority. These agreements provide PCM with the discretion to determine the amount and type of securities to be purchased and/or sold, the brokers or dealers to be used, and the commission rates paid to said banks/brokers/dealers. All discretionary trades made by PCM will be in accordance with each client's investment objectives and goals.

## **Item 17: Voting Client Securities**

PCM has adopted and implemented written Proxy Voting Policies and Procedures ("Proxy Voting Procedures") which are designed to reasonably ensure that PCM votes such proxies in the best interest of its clients where the firm has voting authority.

The Proxy Voting Procedures describe how PCM addresses voting authority, material conflicts of interest, voting decisions, notification to the client, books and records requirements, etc. and ensures that proxies are voted in the best interest of its clients.

The Proxy Voting Procedures are intended to guide PCM and its personnel in ensuring that proxies are voted in the best interest of clients without limiting PCM or its personnel in specific situations to vote in a predetermined manner. These policies are designed to assist PCM in identifying and resolving any conflicts of interest it may have in voting client proxies. A copy of PCM's Proxy Voting Policies and Procedures may be obtained by contacting the firm directly.

## **Item 18: Financial Information**

As of the date of this filing, PCM does not have any conditions that are reasonably likely to impair its ability to meet its contractual obligations to clients.

## **Brochure Disclosure**

In no event should this PCM Brochure be considered to be an offer of interests in any of PCM's investment vehicles or relied on in determining whether to invest in any investment vehicle. It is also not an offer of, or agreement to provide, advisory services directly to any recipient of the PCM Brochure. Rather, this PCM Brochure is designed solely to provide information about PCM for the purpose of compliance with certain

obligations under the Investment Advisers Act of 1940 and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided to potential investors in governing and/or offering documents. To the extent that there is any conflict between any discussion in this PCM Brochure and the governing and/or offering documents provided to investors, the documents provided to such investors shall govern.