

FORM ADV Part 2A

This ADV brochure, dated March 31, 2022  
provides information about the qualifications and business practices of:

**FLATIRON RR LLC, MANAGER SERIES**

**51 Madison Ave  
New York, New York 10010**

If you have any questions about the content of this brochure, please contact:

**Alpesh Rathod  
Chief Compliance Officer  
Telephone Number: 212-576-7956  
Alpesh\_J\_Rathod@newyorklife.com**

*The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. In addition, registration as an investment adviser does not imply a certain level of skill or training. Additional information about Flatiron RR LLC, Manager Series is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## **ITEM 2: SUMMARY OF MATERIAL CHANGES**

This brochure dated March 31, 2022, updates and replaces our prior brochure, dated December 7, 2021, and reflects the following material changes:

- We have updated our risk disclosure regarding LIBOR Discontinuance (Item 8).

Although we have made other changes and updates to our previous brochure, we do not consider such changes to be material

### **ITEM 3: TABLE OF CONTENTS**

#### **ADV**

<b>Item #</b>	<b>Description</b>	<b>Page</b>
Item 2:	Summary of Material Changes .....	2
Item 4:	Advisory Business .....	4
Item 5:	Fees and Compensation .....	4
Item 6:	Performance-Based Fees and Side-By-Side Management .....	5
Item 7:	Types of Clients.....	6
Item 8:	Methods of Analysis, Investment Strategies and Risk of Loss .....	6
Item 9:	Disciplinary Information .....	11
Item 10:	Other Financial Industry Activities and Affiliations .....	12
Item 11:	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading: .....	15
Item 12:	Brokerage Practices .....	17
Item 13:	Review of Accounts .....	19
Item 14:	Client Referrals and Other Compensation.....	20
Item 15:	Custody.....	21
Item 16:	Investment Discretion.....	21
Item 17:	Voting Client Securities .....	21
Item 18:	Financial Information .....	22
Item 19:	Requirements for State-Registered Advisers.....	22

## **Item 4: Advisory Business**

Flatiron RR LLC, Manager Series (the “Adviser” or the “Firm”) is a recently formed investment advisory firm founded in March 2021. The Adviser is a series of Flatiron RR LLC (the “Series LLC”). The Adviser is indirectly wholly-owned by New York Life Insurance Company (“New York Life”).

The Adviser provides discretionary management services as collateral manager to Collateralized Loan Obligations (“CLOs”). Each CLO invests in a diversified pool consisting primarily of loans and, in some cases as permitted by applicable law, bonds and other obligations. The terms upon which the Adviser serves as collateral manager to a CLO are tailored and governed by the CLO documentation. Investors do not have the right to restrict the investment objectives or investment strategies of a CLO, except with respect to certain rights as expressly permitted by the CLO documentation. The Series LLC also has a series named Flatiron RR LLC, Retention Series, which will be used to hold interests in a CLO necessary to comply with the risk retention requirements in the European Union and the United Kingdom.

The Adviser employs a team-oriented approach to managing each CLO. Using a combination of top-down fundamental analysis and bottom-up credit research, the Adviser seeks to construct diversified portfolios designed to deliver consistent performance and stability in accordance with the CLO documentation. This is accomplished by striving to add incremental excess return while avoiding principal loss.

As of December 31, 2021, the Adviser managed \$400 million on a discretionary basis, and no assets on a non-discretionary basis.

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

### **A. FEES AND EXPENSES**

The fee for investment advisory and management services (including collateral management services) provided by us to CLOs generally consists of a senior management fee, a subordinated management fee and a performance fee (also referred to as an incentive management fee). The rate, calculation method, and payment method for our fees are set forth in the collateral management agreement between the Adviser and the CLO, or in the organizational documents for the CLO, and are customarily disclosed in the private placement memorandum or other offering documents for the CLO. There is no standard fee schedule for services provided by the Adviser to CLOs. The amount of such fees are calculated and billed by the trustee or administrator of the CLO.

The Adviser does not currently engage in any directed brokerage arrangements with any of its clients or participate in any soft dollar relationships with other firms for research or any other service. Brokerage fees, which are not included in the fee for investment advisory and management services that you pay to us, affect your account during the trade execution process. Please refer to “Brokerage Practices” section below for additional information regarding our process for selecting brokers to execute transactions in client accounts.

CLO investors will be subject to certain other fees and expenses, such as the payment of issuer and co-issuer taxes, governmental fees and registered office fees, as disclosed in the applicable offering and governing documents. CLO investors will also be subject to certain administrative expenses. Administrative expenses are fees, expenses (including indemnities) and other amounts due or accrued and payable in the following order by the issuer or the co-issuer: first, to the trustee pursuant to the indenture, second, to the bank (including in its capacity as collateral administrator), third, on a pro rata basis, the following amounts (excluding indemnities) to the following parties: (a) the independent accountants, agents (other than the collateral manager) and counsel of the issuer for fees and expenses; (b) the rating agencies for fees and expenses (including any annual fee, amendment fees and surveillance fees) in connection with any rating of the rated notes or in connection with the rating of (or provision of credit estimates in respect of) any collateral obligations; (c) the collateral manager, including expenses relating to compliance by the issuer and the collateral manager with the Commodities Exchange Act (but excluding management fees payable to the collateral manager); (d) the administrator pursuant to the anti-money laundering service provider; and (e) any other person in respect of any other fees or expenses permitted under the indenture and the documents delivered pursuant to or in connection with the indenture (including any costs or expenses arising from complying with the Foreign Account Tax Compliance Act (“FATCA”) and/or the Cayman FATCA legislation, any costs associated with satisfying European Union and United Kingdom retention requirements (including any costs or fees related to additional due diligence or reporting requirements), costs related to any issuer subsidiary, the payment of facility rating fees and all legal and other fees and expenses incurred in connection with the purchase or sale of any collateral obligations and any other expenses incurred in connection with the collateral obligations) and the notes, including but not limited to, amounts owed to the co-issuer pursuant to the indenture and any amounts due in respect of the listing of the notes on any stock exchange or trading system; and fourth, on a pro rata basis, indemnities payable to any person pursuant to any transaction document or the purchase agreement.

#### **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The Adviser serves as collateral manager for the CLOs. As collateral manager to these vehicles, we are entitled to additional compensation on a subordinated basis if certain performance targets are achieved. If a CLO pays a higher performance-based compensation to the Adviser than another CLO, we face a potential conflict of interest when we identify an investment opportunity that is appropriate for both clients. Performance-based fees may create an incentive to favor higher paying accounts over other accounts in the allocation of investment opportunities. This potential conflict of interest also creates an incentive for us to dedicate more time and resources to the higher fee-paying CLOs. The existence of performance-based fees also creates an incentive to make investments that are riskier or more speculative than in the absence of such a performance-based fee. In addition, certain performance-based fees are dependent, in part, on the unrealized value of certain investments. This could provide an incentive for the Adviser to use higher valuations. We address these conflicts of interest by establishing and maintaining reasonable policies and procedures designed to ensure that all clients are treated fairly and to

ensure that no client account receives preferential treatment in the allocation of investment opportunities (see “Brokerage Practices” section below).

## **ITEM 7: TYPES OF CLIENTS**

As discussed in detail in the “Advisory Business” section above, the Adviser serves as the collateral manager of and provide discretionary management services to the CLOs. CLOs generally impose certain terms and conditions on their investors as described in more detail in the CLO’s offering documents. Generally, investors in a CLO are qualified institutional buyers, accredited investors, or non-US persons.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **INVESTMENT PROCESS**

The Adviser’s CLO strategy considers bottom-up fundamental credit research and prefers credits with positive free cash flow, solid collateral, and proven management. The Adviser typically avoids investment decisions based simply on credit ratings, and typically does not engage in market timing for this strategy. The Adviser also maintains significant diversification across issuers and industries in order to distribute risk on a broad basis. The Adviser will often trade to avoid significant credit deterioration or credit events. It will also trade to improve diversification or improve risk-adjusted yield.

Prior to making an investment, the Adviser conducts an initial screen of the investment opportunity based on credit statistics, deal structure, relative value and portfolio needs. Analyst input is critical to the Adviser’s decision-making process. The foundation of its research process is the evaluation of all aspects of an existing or prospective borrower. Upon initial purchase, and subsequent surveillance of a credit, the analysts seek an informed opinion as to the long-term creditworthiness of such credit using all available sources of internal and external information, without excessive reliance on the view of any one source.

### **RISK OF LOSS**

There are certain material risks associated with investing in CLOs, which will be disclosed in the offering and/or governing documents of the CLOs. A description of certain of these risks include (without limitation):

- *“Open Market” CLO Risk.* We act as collateral manager for “open market” CLOs and, as a result, do not intend to comply with the U.S. credit risk retention requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). However, we act as collateral manager for CLOs in which another series of the Series LLC (a “Retention Series”) will hold and retain certain CLO securities issued by such CLOs in order to comply with European Union and United Kingdom risk retention regulations. Additionally, we and/or the Retention Series could hold CLO Securities in addition to the requisite risk retention amount. There has been little guidance issued with respect to such risk retention regulatory regimes and therefore the regulatory environment in which any CLO intending to be structured to comply therewith is uncertain. There can

be no assurance that applicable governmental authorities will agree that any of the transactions, structures or arrangements entered into by us or the Retention LLC, and the manner in which we or they hold credit risk retention interests, if any, will satisfy applicable regulators. Credit risk retention regulations and the interpretation thereof in the U.S., in Europe, and in the United Kingdom are subject to change, clarification and interpretation by governmental authorities and courts in a manner that could have an adverse effect on us, the Retention Series, our affiliates, and any applicable CLOs and the investors therein. Despite our intent to only act as collateral manager for “open market” CLOs, it is possible that a governmental authority could determine that any CLO managed by us is not an “open-market” CLO. In that event, we would no longer be in compliance with the U.S. credit risk retention requirements under the Dodd-Frank Act and could be required to acquire additional CLO Securities. Noncompliance with U.S. credit risk retention requirements under the Dodd-Frank Act, could result in adverse monetary penalties and other serious consequences.

- *Credit Risk:* The risk that an issuer of a debt security may fail to repay the interest or principal when due.
- *Liquidity Risk:* The risk that you cannot sell a security or that the sale price for the security will be extremely low. Liquidity risk is often measured by how often a security trades. The more that a security trades, the lower the liquidity risk.
- *Call & Repayment Risk:* The risk that a security is repaid prior to expectations or maturity. This risk is elevated when interest rates decline and the issuer of the security has the ability to refinance the security at a lower cost. When this occurs, the proceeds from the called bond would have to be invested at the new lower interest rate which may not be sufficient to replace the income or cash flow produced by the called security because interest rates have declined.
- *Floating Rate Loan Risk:* The floating rate loans are usually rated below investment grade and are generally considered speculative because they present a greater risk of loss, including default, than higher quality debt securities. Although certain floating rate loans are collateralized, there is no guarantee that the value of the collateral will be sufficient to repay the loan in the event of default. Floating rate loans may, under certain circumstances, be less liquid than higher quality debt securities, and an active trading market may not exist. In addition, some loans may be subject to restrictions on their resale, which may prevent your account from obtaining the full value of the loan when it is sold.
- LIBOR Discontinuance Risk: The London Interbank Offering Rate (“LIBOR”) is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. The terms of floating rate loans, financings or other transactions in the U.S. and globally have been historically tied to LIBOR, which functions as a reference rate or benchmark for various commercial and financial contracts. The regulatory authority that oversees financial services firms and financial markets in the United Kingdom, the Financial Conduct Authority, has announced that a majority of LIBOR settings will no longer be published or no longer be

representative of the economic reality the LIBOR setting is intended to measure after June 30, 2023. In addition, the U.S. Federal Reserve has instructed U.S. banks to stop writing new contracts using LIBOR and has instructed that all contracts using LIBOR should wrap up by June 30, 2023 or provide clear fallbacks to an alternative rate. As a result of these governmental actions, it is expected that LIBOR will no longer be available or no longer deemed an appropriate reference rate upon which to determine the interest rate on or impacting certain loans, notes, derivatives and other instruments or investments comprising some or all of the client account's portfolio after the relevant date for that LIBOR tenor.

The secured overnight financing rate ("SOFR") is the leading proposed replacement for LIBOR and measures the cost of overnight borrowings through repurchase agreement transactions collateralized with U.S. Treasury securities. Currently, LIBOR and SOFR will coexist, however, it is expected that SOFR will supplant LIBOR as the dominant benchmark for dollar-denominated derivatives and credit products. Various financial industry groups are planning for the transition away from LIBOR and certain regulators and industry groups have taken actions to establish SOFR as LIBOR's replacement. There are significant challenges to converting certain contracts and transactions to a new benchmark and the effect of any changes to LIBOR or transition to SOFR or alternative rates will vary depending on a number of factors, many of which are currently uncertain, including the benchmark fallback provisions in individual instruments and how and when industry participants continue to develop and adopt alternative reference rates and fallbacks for both new and legacy instruments. Uncertainty regarding LIBOR or regarding the application or effectiveness of SOFR and other alternative rates might lead to increased volatility and illiquidity in markets for instruments with terms tied to LIBOR, SOFR or other alternative rates.

These developments could negatively impact financial markets in general and present heightened risks, and, as a result of this uncertainty and developments relating to the transition process, investments may be adversely affected.

- *Public Health Crisis:* A public health crisis, pandemic, epidemic or outbreak of a contagious disease, such as the recent outbreak of Coronavirus (or COVID-19) in China, the United States, Europe and other countries, could have an adverse impact on global, national and local economies, which in turn could negatively impact our investments and strategies. Disruptions to commercial activity resulting from the imposition of quarantines, travel restrictions or other measures, or a failure of containment efforts, may adversely affect our investments, including by causing supply chain delays or disruptions or staffing shortages. The outbreak of Coronavirus has contributed to, and may continue to contribute to, volatility in financial markets, including market liquidity and changes in interest rates. A continued outbreak may have a material and adverse impact on our investment returns. The impact of a public health crisis such as the Coronavirus (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict, which presents material uncertainty and risk with respect to the performance of our investments and strategies.



### Additional Risks Associated With Collateral Obligations

- *General Economic Conditions May Affect the Ability of Co-Issuers to Make Payments on the Notes:* The ability of co-issuers to make payments on notes will depend on the general economic climate and the economy. A worsening of economic and business conditions could result in an adverse effect on the business, financial condition or results of operations of the obligors on the collateral obligations, an increase in the number of non-performing assets and a decrease in the value and collectability of the assets. It is difficult to predict which markets, products, businesses and assets will be affected by particular economic or business conditions (or to what degree the health of particular markets or industries are dependent on monetary policies by central banks, particularly the Federal Reserve). There is no assurance that conditions in the credit and other financial markets will remain stable and will not deteriorate at any time and there is a material possibility that economic activity will be volatile or will slow over the moderate to long term. A decrease in market value of the collateral obligations would also adversely affect the sale proceeds that could be obtained upon the sale of the collateral obligations and could ultimately affect the ability of the issuer to pay in full or redeem the rated notes, as well as the ability to make any distributions in respect of the subordinated notes.

Negative economic trends nationally as well as in specific geographic areas of the United States could result in an increase in loan defaults and delinquencies. An inability of obligors to obtain refinancing (particularly as high levels of required refinancings approach) may result in an economic decline that could delay or derail an economic recovery and cause a deterioration in loan performance generally. For example, several nations, particularly within the European Union, have recently suffered or are currently suffering from significant economic distress. There can be no assurance as to the resolution of the economic problems in those countries, nor as to whether such problems will spread to other countries or otherwise negatively affect economies or markets. A debt default by a sovereign nation or other potential consequences of these economic problems may trigger additional crises in the global credit markets and overall economy which could have a significant adverse effect on the co-issuers and the notes.

- *Collateral Obligation Performance May Deteriorate:* Negative economic trends nationally as well as in specific geographic areas of the United States could result in an increase in loan defaults and delinquencies. When economic activity is volatile or slow, collateral obligations would be affected by such conditions. Such effects may include an inability for obligors to obtain refinancing of their debt obligations. A decreased ability of obligors to obtain refinancing (particularly if high levels of required refinancings approach) may result in an economic decline or otherwise increase market volatility and cause a deterioration in loan performance generally and could lead to defaults of collateral obligations.
- *Illiquidity in the Leveraged Finance Market May Affect Collateral Obligations:* Collateralized debt obligations (including collateralized loan obligations), leveraged finance and fixed income markets have previously contributed to a severe liquidity crisis in the global credit markets. Financial markets experience substantial fluctuations in

prices for leveraged loans and high-yield bonds and limited liquidity for such instruments. During periods of limited liquidity and higher price volatility, an issuer's ability to acquire or dispose of collateral obligations at a price and time that the issuer deems advantageous may be severely impaired. As a result, in periods of rising market prices, an issuer may be unable to participate in price increases fully to the extent that it is unable to acquire desired positions quickly; and an issuer's inability to dispose fully and promptly of positions in declining markets would cause its net asset value to decline and could exacerbate losses suffered by the issuer when collateral obligations are sold. Furthermore, significant additional liquidity-related risks for the issuer and investors in the notes exist. Those risks include, among others, (i) the possibility that the prices at which collateral obligations can be sold by the issuer will have deteriorated from their effective purchase price, (ii) the possibility that opportunities for the issuer to sell its assets in the secondary market, including credit risk obligations, credit improved obligations and defaulted obligations, may be impaired or restricted by an indenture, and (iii) increased illiquidity of notes because of reduced secondary trading in collateralized loan obligation securities. These additional risks may affect the returns on the notes to investors or otherwise adversely affect holders of the notes.

- *The Notes are not Guaranteed by any Transaction Party:* No transaction party and no affiliate of a transaction party makes any assurance, guarantee or representation as to the expected or projected success, profitability, return, performance result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) to any investor of ownership of the notes, and no investor may rely on any such party for a determination of expected or projected success, profitability, return, performance result, effect, consequence or benefit to any investor of ownership of the notes. Each holder will be required to represent (or, in the case of certain global notes, deemed to represent) to co-issuers and to an initial purchaser, among other things, that it has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisors regarding investment in the notes, as it has deemed necessary and that the investment by it is within its powers and authority, is permissible under applicable laws governing such purchase, has been duly authorized by it and complies with applicable securities laws and other laws.
- *Status; Limited Recourse:* Co-issued notes are limited recourse debt obligations of the issuer and are non-recourse debt obligations of the co-issuer. Subordinated notes constitute limited recourse obligations of the issuer only. Payments on the notes will be payable solely from the collateral in accordance with specified priority of payments. None of the transaction parties or any of their respective agents or affiliates or any other person or entity will be obligated to make payments on the notes (other than the co-issuers). Consequently, holders of notes must rely solely on distributions on the collateral (and, after an event of default, proceeds from the liquidation of the collateral) for payments on the notes. If distributions on such collateral (or, after an event of default, proceeds from the liquidation of the collateral) are insufficient to make payments on the notes no other assets (in particular, no assets of a collateral manager, a holder of the notes, an initial purchaser, a trustee, a collateral administrator, an administrator, any hedge counterparty or any affiliates of any of the foregoing) will be available for payment of the deficiency and, following distribution of all the proceeds of the collateral, all

obligations of the co-issuers and all claims against the co-issuers in respect of the notes will be extinguished and will not thereafter revive.

#### Other Business-Related Risk

- *Technology and Cyber Security:* The Adviser is dependent on information technology, telecommunication, and other operational systems, including both proprietary or internal systems and systems used or provided by third-party service providers (such as custodians, financial intermediaries, transfer agents and other parties to which we or they outsource the provision of services or business operations). These systems may become disabled or fail to operate properly as a result of events or circumstances wholly or partly beyond our or their control. Further, despite implementation of a variety of risk management and security measures, our information technology and other systems, and those of service providers, could be subject to unauthorized access or other security breaches, resulting in a failure to maintain the security, availability, integrity and confidentiality of data assets. Technology failures or cyber security breaches, whether deliberate or unintentional, including those arising from use of third-party service providers, could have a material adverse effect on our business and could result in, among other things, financial loss, reputational damage, regulatory penalties or the inability to transact business.
- *Other Business Interruptions:* Our investment advisory activities or operations could be interrupted or adversely affected by extraordinary events, emergency situations or circumstances beyond our control, including, without limitation, outbreaks of infectious diseases, pandemics or any other serious public health concerns, war, terrorism, failure of technology, accidents, disasters, government macroeconomic policies or social instability. In order to mitigate the effects of these types of events, we may activate our business continuity and disaster recovery plans. These plans may, for example, require our employees to work and access our information technology, communications or other systems from their homes or other remote locations. However, our business continuity and disaster recovery plans may not be successful, or we could be delayed in implementing or recovering our investment advisory activities or operations. For example, we may have issues or delays in accessing our information technology, communications or other systems, which could have a material adverse effect on our business.

Investors and other recipients should be aware that while this brochure may include information about a CLO vehicle, as necessary or appropriate, it is not a complete discussion of features, risks or conflicts associated with the CLO vehicle. The private placement memorandum or other offering documents for the CLO vehicle contain more complete information.

#### ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There are no legal or disciplinary events involving the Adviser or its management

persons that are material to our advisory business or to the management of client accounts to report.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The following relationships or arrangements with related persons are material to our business and may create potential conflicts of interest:

### **A. Broker-Dealer**

Some of our employees, including some of our senior management, are registered with the Financial Industry Regulatory Association (FINRA) as representatives and principals of NYLIFE Distributors LLC (“NYLIFE Distributors”). NYLIFE Distributors is our affiliate and is registered as a broker-dealer with the SEC. NYLIFE Distributors serves as the principal underwriter and distributor of *The MainStay Funds and IndexIQ Exchange Traded Funds* (“ETFs”).

We do not use affiliated broker-dealers to execute securities transactions for our clients.

### **B. Investment Advisers**

We will serve as collateral manager of and provide discretionary management to the CLOs.

We are affiliated with, and have or may have material relationships with, the following federally registered investment advisers:

- NYL Investors LLC (File No. 801-78759) is a direct parent of the Adviser and acts as an adviser to the general accounts of New York Life and its affiliated insurance companies, accounts that are investment vehicles for insurance products sponsored by New York Life, and accounts that have contractual insurance arrangements with New York Life. NYL Investors also acts as a subadviser for certain mutual funds, institutional accounts, and CLOs for which our affiliates serve as either an adviser or collateral manager. NYL Investors and its respective clients may invest in securities that would be appropriate as collateral obligations in which our CLOs invest and in securities that are senior to or have interests different from or adverse to such collateral obligations. NYL Investors may also be a buyer or seller of credit protections that reference collateral obligations in which our CLOs invest. In some cases, officers and employees of NYL Investors are dual-hatted and acting in an investment advisory and administrative capacity with respect to our CLOs. Certain personnel within NYL Investors have been dual-hatted to the Adviser to facilitate (i) the management and administration of CLOs, and (ii) trading execution, administration and communication services for CLOs. To mitigate potential conflicts of interest that could arise by having certain of our employees dual-hatted with an affiliated adviser, we and our affiliates have implemented an Investment Allocation Policy to ensure that investments are allocated in a fair and equitable manner.
- The Adviser is affiliated with a “multi-boutique” platform, referred to as New York Life Investments, encompassing the following investment advisers: Apogem Capital LLC

(“Apogem”, formerly, New York Life Investments Alternatives LLC) (File No. 801-118844), New York Life Investment Management LLC (“NYLIM”) (File No. 801-57396), MacKay Shields (“MacKay Shields”) (File No. 801-5594), Candriam Investors Group (File Numbers: 801-80510, 801-80508, 801-80509), IndexIQ Advisors LLC, (File number 801-68220), and Ausbil Investment Management Limited (“Ausbil”) (File number 801-118742).

- MacKay Shields, Apogem, NYLIM, and Ausbil, each an affiliated investment adviser, may serve as an adviser or subadviser for general and separate account assets of our parent company, New York Life and its wholly-owned insurance affiliates. These related investment advisers may also serve as the investment manager of various limited partnerships and also engage in other advisory services. Clients of our affiliates may be solicited to invest in such limited partnerships or in other investments for which the Related Adviser serves in a similar capacity. From time to time, we may enter into arrangements with our affiliated investment advisers to recommend clients to one another. If we pay a cash fee to anyone for soliciting clients on our behalf or if we receive a cash fee from another investment adviser for recommending clients to it, we will comply with the requirements of the SEC’s cash solicitation rule to the extent that they apply. This rule requires a written agreement between the investment adviser and the person soliciting clients on its behalf. The rule may also require that the soliciting person provide a disclosure document to the potential client at the time that the solicitation is made. As required by the rule, we will not engage another person to solicit clients on our behalf if that person has been subject to securities regulatory or criminal action within the preceding ten years.
- NYLIM (File No. 801-57396), serves as the investment manager for the Mainstay Funds and certain wrap fee accounts and as collateral manager for certain CLOs for which our affiliates act as subadviser.

We and certain of these affiliates have implemented policies intended to limit the dissemination of inside information and to permit the investment management, trading and operations functions of each firm to operate without regard to or interference from the other. We believe that operating independently enables each firm to pursue the investment objectives of clients without reference to limitations resulting from investment activities of the other. To support this policy, we have adopted certain procedures, including a portfolio information barrier between us and certain of these other affiliated investment firms. In the event such information is shared, appropriate controls are placed around the information in order to limit any potential conflicts of interest. In addition, the Adviser has implemented certain monitoring processes, including monitoring personal trading against trading blotters.

With respect to NYL Investors, as described above, officers and employees of NYL Investors are dual-hatted and acting in an investment advisory and administrative capacity with respect to our CLOs. NYL Investors and its respective clients may also invest in securities that would be appropriate as collateral obligations or that are senior to such collateral obligations in which our CLOs invest and may also be a buyer or seller of credit protections that reference collateral obligations in which our CLOs invest. To mitigate potential conflicts of interest, we and NYL Investors have implemented an Investment Allocation Policy to ensure that investments are

allocated in a fair and equitable manner. We and NYL Investors have also implemented policies intended to limit the dissemination of material non-public information.

Finally, our portfolio managers may manage certain MainStay Funds, institutional separate accounts or unregistered funds directly and are involved in asset allocation decisions with respect to certain MainStay Funds' or accounts subadvised by affiliated subadvisers. In these instances, portfolio managers will not direct or have involvement in the investment management of the affiliated subadviser's respective portfolio, except to the extent that the portfolio managers may discuss derivative overlay investments to adjust the applicable asset allocation exposures. Except for the relationships described above, our investment management and operations functions are generally separate than those of our affiliates.

### **C. Finance Company**

Apogem is a finance company focused on the corporate financing needs of private equity sponsored companies in the middle market. Apogem provides enterprise-value cash flow, leveraged financing solutions for acquisitions, recapitalizations, leveraged buyouts, and general corporate capital needs. Certain officers of our affiliates also serve as officers or board members of Apogem.

New York Life Trust Company is our affiliate and is a New York State chartered trust company. Some officers and employees of our affiliates are also officers, employees or directors of New York Life Trust Company.

### **D. Insurance Companies**

The Adviser is indirectly wholly-owned by New York Life. New York Life is a mutual insurance company that is an admitted insurer in all 50 states and in the District of Columbia. While the Adviser maintains autonomous investment processes, it leverages the resources and services of NYLIM and New York Life for certain functions. Under this structure, certain compliance, legal and other support functions within the Adviser are supported by the infrastructure within New York Life, including the implementation of the Adviser's Rule 206(4)-7 Compliance Program. New York Life and its affiliates may also invest in private funds that our affiliates manage. The appearance of a conflict may arise as to the allocation of investment opportunities between them and our clients. To address this potential conflict of interest, we have adopted several procedures that are intended to ensure that all client accounts are treated fairly and equitably. Pursuant to these procedures, it is not permissible to allocate or re-allocate an order to enhance the performance of one account over another (see "Brokerage Practices" below). It is also not permissible to favor any account over another. Compliance with these requirements is monitored as part of a supervisory review process.

To further mitigate this potential conflict, our affiliated insurance company general accounts generally follow buy-and-hold strategies and have different investment objectives from our CLOs. As a result of these different strategies, transactions that are appropriate for an affiliated general account may not be appropriate for our CLOs. Such a determination typically is made by the portfolio manager prior to executing a trade, and the rationale for the investment decision

is documented as part of the trading process. The New York Life Compliance Department conducts periodic reviews to ensure that allocation decisions are being properly documented.

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

### **CODE OF ETHICS AND PERSONAL TRADING**

The Adviser has a fiduciary relationship with our clients that requires that we and our employees place the interests of our clients first and foremost. As such, our Code of Ethics (the “Code”) covers all employees and sets forth guidelines that promote ethical conduct generally. In addition to the Code’s policies regarding personal securities trading, the Code requires our employees to follow policies and procedures relating to the conduct standards, including: conflicts of interest, inside information, and information barriers; gifts and entertainment; personal political contributions; and selective disclosure of mutual fund portfolio holdings. A copy of our Code is available upon request. Our contact information appears on the cover page of this brochure.

While we permit our employees to engage in personal securities transactions, as a company we recognize that these transactions may raise potential conflicts of interests. This is particularly true when they involve securities owned by, or considered for purchase or sale for, a client account.

We address potential conflicts of interests in our Code by requiring that, with regard to investments and investment opportunities, our employees’ first obligation is to our clients. Our Code requires that all of our employees adhere to the highest duty of trust and fair dealing. All employees: (i) must conduct their personal securities transactions in a manner that does not interfere with any client’s portfolio transactions, or take inappropriate advantage of an employee’s relationship with a client, (ii) may not trade while in possession of material, non-public information, (iii) may not engage in short-term trading (the purchase and sale or sale and purchase within 30 days) of any mutual fund advised or subadvised by an affiliate, and (iv) must certify annually to compliance with the Code and related policies.

Some provisions of our Code, particularly with respect to personal trading, apply only to “Access Persons” and “Investment Personnel”. Access Persons are defined as officers or directors of the Adviser, or employees who have access to non-public information regarding any client’s purchase or sale of securities, or who have non-public information regarding the portfolio holdings of any account that we advise. While certain exceptions may apply, generally Access Persons:

- Subject to certain exceptions, may not purchase or sell “Covered Securities” without pre-clearance through our Compliance Department. Covered Securities include everything except: (i) transactions involving direct obligations of the US Government; (ii) shares of unaffiliated open-end investment companies; (iii) commercial paper; (iv) certificates of deposit; and (v) high-quality short-term investments and interests in qualified state college tuition programs; and (vi) cryptocurrencies or digital currencies, such as Bitcoin or Ether, which are a virtual or digital representation of value. However, a virtual currency

token offered in an initial or digital coin offering will be deemed a Covered Security for purposes of the Code and subject to preclearance requirements.

- May not profit from the purchase and sale or sale and purchase of the same Covered Security within 60 days.
- May not purchase or sell a Covered Security on a day when there is a buy or sell order for a client.
- May not purchase securities in initial public offerings or in connection with private placements except with the express written prior approval of our Chief Compliance Officer.
- May not participate in Investment Clubs.
- Must file quarterly reports and certifications of covered trading activity.

Investment Personnel are defined as employees who in connection with their regular functions participate in making recommendations regarding the purchase or sale of securities for client accounts (i.e., portfolio managers, traders and analysts). Investment Personnel must adhere to the following additional restrictions:

- May not purchase or sell securities (subject to a *de minimis* threshold) for their own account if such securities have been purchased or sold for a client account in the prior seven days or can reasonably be expected to be purchased or sold for a client account in the next seven days.
- May not trade in options with respect to individual securities.

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

In the ordinary course of providing our investment advisory services, we may also recommend that clients purchase or sell securities or interests in which our affiliates have a material financial interest. For example, our affiliates act as an investment adviser for the general and separate accounts of our parent company New York Life as well as for wholly-owned subsidiaries of New York Life. Employees of the Adviser may recommend that clients purchase or sell securities that are also held in these affiliated accounts. As a result of these potential transactions, potential conflicts of interest could arise between us and our clients. These potential conflicts include:

- Unfair allocation of limited investment opportunities between our affiliated and unaffiliated accounts.
- Preferential allocation of investment opportunities to our accounts that pay a performance-based management fee.
- Placing trades for our affiliated accounts before or after trades for our other accounts to take advantage of (or avoid) market impact.



- Using information concerning transactions in our advisory affiliates' client accounts to the benefit of our client accounts.

These potential conflicts are mitigated by the fact that our affiliated insurance company general accounts generally have different investment strategies than our unaffiliated accounts (see the “*Industry Affiliations*” section above). As a result of these different strategies, transactions that are appropriate for an affiliated account may not be appropriate for an unaffiliated account and vice versa.

To further mitigate these potential conflicts of interest, when purchases or sales are appropriate for both an affiliated and an unaffiliated account, such orders typically will be aggregated or “bunched” as one order. These orders will be then allocated across client accounts in a fair and equitable manner to ensure that no one client account receives preferential treatment over another (see “*Brokerage Practices*” below).

To address potential conflicts of interest across affiliates, each adviser affiliate operates independently with respect to investment strategy, trading and operations. Furthermore, affiliates are generally not privy to another affiliate's information (i.e., investment decisions, research, and client information) that may potentially pose conflicts of interest. Specifically, NYL Investors and its affiliates have established information barrier policies that serve to limit the dissemination of material non-public information. In the event such information is shared, appropriate controls are placed around the information in order to limit any potential conflicts of interest.

Our employees may invest in mutual funds sponsored by an affiliate of NYL Investors (such as the MainStay Floating Rate Fund), which could create an incentive for us to favor our affiliated mutual fund client over other clients. We maintain investment, trade allocation and account valuation policies and procedures designed to address such conflicts of interest. Further, our Code requires employees to report investments in all The MainStay Funds.

## **ITEM 12: BROKERAGE PRACTICES**

### **A. Selection of Brokers**

When we select or recommend a broker-dealer for transactions in our clients' accounts, we consider a number of factors regarding the broker-dealer and the reasonableness of its compensation. The factors we consider in selecting a broker-dealer and determining the reasonableness of its compensation include:

- Security price and spreads;
- Commission rates, if applicable;
- Size of the order;
- Nature and extent of services and frequency of coverage;

- Integrity, reputation, financial responsibility and stability;
- Market knowledge and ability to understand trading characteristics of the security and overall performance;
- Ability to execute in desired volume and to act on a confidential basis;
- Willingness to commit capital;
- Access to underwritten offerings and secondary markets;
- Operational efficiency and facilities made available including trading networks, access to multiple brokers and markets, and significant resources for positioning as principals; and
- Nature and extent of research services (as discussed below).

When selecting a broker-dealer, we do not consider its referral of clients to us. We also do not consider its sale of shares of *The MainStay Funds* or of any private funds that we or any of our affiliates advise. While we may direct brokerage to broker-dealers that have consulting divisions that might refer clients or investors to us, we have no agreements to do so. When evaluating compensation (e.g., commissions), we are not required to solicit competitive bids, and do not have an obligation to seek the lowest available commission cost, but rather best overall execution.

### **B. Soft Dollars**

Currently, we do not enter into any third party or proprietary soft dollar arrangements where a broker-dealer provides services in exchange for an expectation of receiving a certain dollar amount of commissions. We also do not engage in any directed brokerage arrangements with any of our clients at this time.

We receive a broad range of research from broker-dealers, including information on the economy, industries, groups of securities and individual companies, statistical information, market data, information regarding political developments, and other information regarding matters that may affect the economy and/or security prices.

We use these research services in connection with our investment activities. Services obtained in connection with the execution of transactions for one client account may be used in managing other accounts, including accounts managed for our affiliates.

We do not believe that the research or other items and services described above that is provided to us by broker-dealers result in higher transaction costs.

### **C. Aggregation and Allocation**

If we believe that the purchase or sale of the same security is in the best interest of more than one client, we may aggregate the securities to be sold or purchased. We will not aggregate trades

(also known as “bunching” trades) unless we believe that doing so is consistent with our duty to seek best execution for our clients.

When we allocate bunched trades to client accounts, we do not favor the interest of one client over another. In addition, it is not permissible to allocate or re-allocate an order to enhance the performance of one account over another, or to favor one account over another.

To the extent possible, orders are pre-allocated prior to execution. However, there may be instances where pre-allocating certain trades may not be feasible or practicable given the unique nature of the respective market. In these instances, such allocation will never unfairly discriminate against or advantage one account over another.

There may be instances when there is a limited supply for a particular security or investment opportunity. In such cases, all orders will receive an equitable allocation based on account suitability and account size, and where appropriate, adjusted in consideration of a “normal minimum holding.” Normal minimum holdings are determined based on characteristics of the particular asset class.

Certain issuers of private placement notes may only offer their securities to our affiliated insurance company clients. In that case, our allocation policies are not applicable because it is the note issuers making the allocations.

#### **D. Internal Cross Transactions and Principal Transactions**

Internal cross transactions are trades between advisory client accounts. Principal transactions are trades between a client account and an account deemed owned by the Adviser. The Adviser reserves the right to effect cross transactions and principal transactions where it has determined that it is in the clients’ best interest to do so pursuant to an investment management agreement. When coordinating cross transactions, however, the Adviser faces an inherent conflict, as two advisory client accounts represent both sides of the trade and the adviser generally has the ability to influence the price at which the trade occurs for both clients. When we effect cross transactions, we do so in accordance with our Cross Trade Policy and applicable CLO procedures. Our Cross Trade Policy requires a determination that the transactions are done for bona-fide investment purposes, and are in the best interest of both clients or pursuant to an investment management agreement. All cross transactions must be effected at fair market value. Principal transactions are also covered under our Cross Trade Policy.

### **ITEM 13: REVIEW OF ACCOUNTS**

Formal weekly and informal ad hoc meetings are typically held to discuss portfolio positions, strategies, trends and relative value. Portfolio reviews, which typically include a review of account performance versus targets, are also conducted.

In addition, trading activity is reviewed at least weekly by a supervisor or the supervisor’s delegate to ensure that trading was conducted in accordance with firm procedures. Accounts are subject to review by New York Life compliance personnel who monitor account trading on a daily basis. Compliance personnel review and investigate any alerts or breaches.

Finally, with respect to trustee reconciliations, the Investment Services Group of NYL Investors reconciles cash transactions and holdings on a daily basis to the trustee bank's records, and researches and resolves any discrepancies in a timely manner.

#### **A. Trade Errors**

The Adviser has a policy in place pertaining to the correction of trade errors. In the event that an error occurs, it is identified and corrected as soon as practicable. Generally, client accounts will be made whole for any losses. However, pursuant to the policy, we may not reimburse for a de minimis error, which we define as a loss of \$25 or less.

#### **B. Client Reporting**

The content and frequency of reports will vary by CLO and will be performed and provided by the CLO's trustee. Such reporting requirements typically will be part of the contract negotiations and memorialized in the CLO Indenture. Our CLO reports typically will include portfolio holdings, transactions and portfolio performance information.

#### **C. Compliance Oversight**

The Adviser's Compliance Department is an extension of the New York Life corporate Compliance Department. The Chief Compliance Officer of the Adviser is responsible for the oversight and maintenance of the compliance function. Under this structure, certain compliance and other support functions within the Adviser are supported by the infrastructure within this department of New York Life, including the implementation of the compliance program. The Adviser acknowledges that compliance is the responsibility of all employees. The Adviser expects to be an investment adviser registered under Section 203 of the Investment Advisers Act of 1940 (the "Advisers Act") with the SEC. As such, we are required pursuant to Rule 206(4)-7 under the Advisers Act to have written policies and procedures in place to prevent violations of the Advisers Act. The Adviser, with the assistance of New York Life's Compliance Department has established an assessment program in order to comply with Rule 206(4)-7 which covers all aspects of our business. As part of this Compliance Program, the Compliance Department maintains an assessment calendar which requires an assessment of each of the Adviser's policies and procedures at least annually. Testing criteria includes ongoing evaluations and tests of the effectiveness of the Adviser's Compliance Program including making a determination that the Adviser's compliance policies and procedures are operating adequately and are reasonably designed to prevent violations of the federal securities laws. Testing criteria also includes ensuring that each policy and procedure properly reflects current implementation practices and applicable rules and regulations. Procedures are revised as needed throughout the year to better reflect implementation practices or to reflect rule changes. The results of these reviews, including procedural revisions that are made, are reported to the Adviser's Compliance Committee on a semi-annual basis.

### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

We do not have any client referral arrangements in place at this time. However, from time to time we may enter into solicitation agreements with certain of our other affiliated investment

advisers to refer clients to each other. In this case we may pay or receive a cash fee for such referrals. If we pay or receive a cash fee for client referrals, we comply with the requirements of the SEC's cash solicitation rule, including the applicable disclosure requirements.

We may also have arrangements in place whereby we compensate an unaffiliated third party for soliciting investors to invest in CLO vehicles managed by the Adviser. These arrangements will be disclosed to the investor in the respective offering memorandum. This is not a solicitation of advisory services and therefore, the arrangement does not fall under SEC Rule 204(4)-3 regarding solicitation arrangements.

### **ITEM 15: CUSTODY**

The Adviser is not deemed, under the federal securities laws, to have custody of CLO assets by virtue of its status as an investment manager or collateral manager. The Adviser does not have actual physical custody of any CLO assets; the CLO's assets are held in the custody of their respective trustees.

### **ITEM 16: INVESTMENT DISCRETION**

We have investment discretion to manage securities on behalf of the CLOs. The terms upon which the Adviser serves as collateral manager to a CLO will be tailored and governed by the CLO documentation. Investors do not have the right to restrict the investment objectives or investment strategies of a CLO, except with respect to certain rights as expressly permitted by the CLO documentation.

### **ITEM 17: VOTING CLIENT SECURITIES**

The Adviser has adopted a Proxy Voting Policy. This Policy is designed to ensure that all proxies are voted in the best interest of our clients without regard to our interests or the interests of our affiliates.

To assist us in researching and voting proxies for those accounts for which we have retained voting rights, we have engaged Institutional Shareholder Services ("ISS"), a third-party proxy service provider. Where a client has contractually delegated proxy voting authority to us, we will vote proxies in accordance with ISS' Sustainability voting guidelines, when available, unless the client provides us with alternative guidelines. Alternative guidelines must be detailed in the client's investment advisory agreement.

A portfolio manager can override an ISS voting recommendation if he/she believes it is in the best interest of our clients to vote otherwise. To override an ISS recommendation, the portfolio manager must submit a written override request to our Compliance Department. Upon receipt of an override request, Compliance will review the request to determine whether any potential material conflicts of interest exist between us and our clients.

Material Conflicts may exist when we or one of our affiliates:

- Manages the issuer's or proponent's pension plan.

- Administers the issuer's or proponent's employee benefit plan.
- Provides brokerage, underwriting, insurance or banking services to the issuer or proponent.
- Manages money for an employee group.

Additional material conflicts may exist if one of our executives is a close relative of, or has a personal or business relationship with:

- An executive of the issuer or proponent.
- A director of the issuer or proponent.
- A person who is a candidate to be a director of the issuer.
- A participant in the proxy contest.
- A proponent of a proxy proposal.

If a potential conflict exists, our Compliance Department refers the override requests to our Proxy Voting Committee for appropriate resolution. The Proxy Voting Committee considers the facts and circumstances of the potential conflict and determines how to vote. This determination could include: permitting or denying the override request; delegating the vote to an independent third party; or obtaining voting instructions from the client.

A copy of our proxy voting policies and procedures or information as to how proxies were voted for securities held in a client's account is available upon request.

### **ITEM 18: FINANCIAL INFORMATION**

At this time, the Adviser is not required to file a balance sheet for our most recent fiscal year, because we do not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. The Adviser has no financial condition that impairs its ability to meet contractual commitments to clients and has never been the subject of a bankruptcy proceeding.

### **ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Not applicable.