

PART 2A OF FORM ADV: FIRM BROCHURE

OFS CLO Management II, LLC

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March 31, 2023

This brochure provides information about the qualifications and business practices of OFS CLO Management II, LLC (“**OFS CLO Management II**”). If you have any questions about the contents of this brochure, please contact OFS CLO Management II at 847-734-2000 or compliance@ofsmanagement.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Additional information about OFS CLO Management II is also available via the SEC’s website at www.adviserinfo.sec.gov.

Registration with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) or with any state securities authority does not imply a certain level of skill or training.

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- **an offer or agreement to provide advisory services to any person**
- **an offer to sell interests (or a solicitation of an offer to purchase interests) in any CLO Client (as defined below) or other investment vehicle advised by OFS CLO Management II**
- **a complete discussion of the features, risks or conflicts associated with any advisory relationship or OFS Client (as defined below)**

As required by the Advisers Act, OFS CLO Management II will provide this Brochure to prospective clients and may also, in its discretion, provide this Brochure to prospective investors in the Client (as defined below), prior to, or in connection with, such persons' investment in the Client. Additionally, this Brochure is available through the SEC's Investment Adviser Public Disclosure website.

Persons who receive this Brochure (whether from OFS CLO Management II or not) should be aware that the Brochure is intended solely to provide information about OFS CLO Management II necessary to comply with disclosure obligations under the Advisers Act. The offering documents, regulatory filings (as applicable), organizational documents, management contracts or other related documents (the "**Governing Documents**") for the Client in which an investor or prospective investor is considering an investment should be read carefully prior to investment. Information in this Brochure may be presented differently from information presented in the Governing Documents or in other public or private disclosures. To the extent there is any conflict between discussions herein and similar or related discussions in any Governing Documents, the relevant Governing Documents shall govern and control. More complete information about the Client is included in the relevant Governing Documents, certain of which may be provided to current and eligible prospective investors only by the Client or by another authorized party.

Item 2 Material Changes

Since we filed our initial filing to Form ADV, Part 2A on October 31, 2022, the following material changes have been made to this Brochure:

- Item 4: The section entitled, “Advisory Services” has been updated to reflect that OFS CLO Management II began providing investment advisory services on February 22, 2023 and serves as the investment adviser and collateral manager to OFSI BSL XII CLO, Ltd. This section was also updated to reflect that OFS CLO Management II may invest, to a lesser extent, in publicly traded corporate bonds on behalf of its Client.
- Item 8 has been updated to include changes to certain risk factors relevant to OFS CLO Management II and risk factors associated with OFS CLO Management II and its affiliated advisers accessing material non-public information on publicly traded issuers in which their respective OFS Clients and Affiliate Clients (as defined below) are currently invested.

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Item 4 Advisory Business

Background

OFS CLO Management II is a Delaware series limited liability company that was organized on August 24, 2022 and began providing investment advisory services on February 22, 2023. OFS Funding I, LLC is the managing member of OFS CLO Management II, and Orchard First Source Asset Management, LLC (“**OFSAM**”), a subsidiary of Orchard First Source Asset Management Holdings, LLC (“**OFSAM Holdings**”), is the sole member and manager of OFS Funding I, LLC. The principal owner of OFSAM Holdings is The OI3 2019 Trust through its interest in Orchard Investments, LLC and Orchard Investments II, LLC, and Richard Ressler is a Trustee of The OI3 2019 Trust. OFSAM also owns OFS CLO Management, LLC (“**OFS CLO Management**”) indirectly through OFS Funding I, LLC and OFS Capital Management, LLC (“**OFS Capital Management**”), both affiliated SEC-registered investment advisers. OFS CLO Management II, OFS CLO Management, and OFS Capital Management (collectively, “**OFS Advisors**”) share management, investment and other professionals, advise clients (“**OFS Clients**”) who invest in similar investments, have overlapping investment committees, are subject to a common compliance program and share a common Chief Compliance Officer (“**CCO**”). OFS CLO Management and OFS Capital Management have filed their own Forms ADV and have their own brochures. References to OFS Capital Management and OFS CLO Management within this Brochure are to describe conflicts of interest related to them and policies and procedures they jointly adopted with OFS CLO Management II. OFS CLO Management II does not have any exclusive employees. Each of OFS CLO Management II and OFS CLO Management is a party to a Staff and Services Agreement (each, a “**Services Agreement**”) with its affiliate, Orchard First Source Capital, Inc. (“**OFSC**”), a Delaware corporation and wholly owned subsidiary (and the manager) of OFSAM. Under the Services Agreement with OFS CLO Management II:

- OFS CLO Management II and OFSC jointly employ most of the personnel, including investment professionals, who provide services to OFS CLO Management II; and
- OFSC provides back- and middle-office, legal/compliance/risk analysis, credit analysis, execution and documentation, marketing, reporting, and other administrative services to OFS CLO Management II.

Other persons who provide services to OFS CLO Management II, including its CCO, are employees of (a) CIM Group, LP and its affiliates, those of which also provide services to its SEC-registered investment adviser affiliates including CIM Capital, LLC (“**CIM Capital**”), CIM Capital’s relying advisers, CIM Capital IC Management, LLC (“**IC Management**”) and CIM Capital SA Management, LLC (“**SA Management**”), which advise debt infrastructure and real estate funds, and (b) Orchard Capital Corp. (“**OCC**”), a California corporation controlled by Mr. Ressler, that provides consulting and advisory services to companies in which Mr. Ressler invests. All the foregoing services are provided via a mutual services agreement among OFSC, CIM Group Management, LLC. (“**CIM Group**”), a California limited liability company controlled by Richard Ressler, and OCC. The same professionals who service OFS Capital Management similarly service OFS CLO Management II and OFS CLO Management via (i) the mutual services agreement and (ii) the Services Agreements.

The CLO

OFS CLO Management II primarily serves as an investment adviser and collateral manager to OFSI BSL XII CLO, Ltd., a pooled investment vehicle that is a collateralized loan obligation fund (the “**CLO**”).

The CLO is an exempted company incorporated with limited liability under the laws of the Cayman Islands. All of the ordinary shares of the CLO are held by a licensed trust company incorporated in the Cayman Islands, under the terms of a declaration of trust for the benefit of one or more charitable organizations located in the Cayman Islands. The CLO issues various classes of notes (collectively, the “**CLO Notes**”).

OFS CLO Management II may, in the future, facilitate compliance with risk retention rules that are in place in the European Union by acting as an originator for the purposes of the EU Capital Requirements Directive (No. 2013/36/EU) (“**E.U. Risk Retention Rules**”). In that case, OFS CLO Management II will likely act as the sponsor of the CLO Clients for which it acts as collateral manager.

Advisory Services

OFS CLO Management II provides investment management, advisory, and certain administrative and other related services to the CLO. The CLO advised by OFS CLO Management II is referred to herein as the “Client.” OFS CLO Management II provides investment advisory services that include sourcing and/or originating potential investments, conducting research and due diligence on potential investments and equity sponsors, analyzing investment opportunities, holding risk retention interests, and monitoring investments and portfolio companies.

OFS CLO Management II focuses primarily on investments in broadly syndicated U.S. loans and, to a lesser extent, publicly traded corporate bonds; however, OFS CLO Management II may provide investment advice to its Client regarding a variety of investments, including other types of debt and equity as well as broadly syndicated loans in non-U.S. (*i.e.*, European) jurisdictions.

Investment Advisory Relationship with Clients

The advisory relationship between the Client and OFS CLO Management II is governed by a written collateral management agreement between the Client and OFS CLO Management II (“**CLO Management Agreement**”). The Client’s portfolio is comprised predominantly of senior secured syndicated loans made to public and private U.S. companies. The Client is subject to investment restrictions under the terms of its note indenture (the “**CLO Indenture**”).

Management of Client Assets

As of the date that OFS CLO Management began operations on February 28, 2023, OFS CLO Management II had approximately \$298,094,535 in regulatory assets under management on a discretionary basis. OFS CLO Management II does not have any assets under regulatory management on a non-discretionary basis.

Item 5 Fees and Compensation

The CLO Management Agreement specifies the terms of OFS CLO Management II's compensation. To the extent funds are available in accordance with the priority of payments set forth in the CLO Indenture, the CLO will pay OFS CLO Management II (i) a senior management fee of 0.15% per annum and (ii) a subordinated management fee of 0.15% per annum, in each case, of the par value of the underlying investments held by the CLO, and (iii) an incentive management fee equal to approximately 20% of the CLO's net principal and interest income after holders of the CLO's residual interest notes have received an annualized internal rate of return of 12%.

Subject to the specific terms of the CLO Management Agreement, OFS CLO Management II typically bills the CLO directly for its fees quarterly, in arrears. The CLO Management Agreement initiated or terminated during a quarter may be charged a prorated base and subordinated management fee and incentive fee. OFS CLO Management II expects that the CLO Management Agreement will continue in effect until the earlier of the (i) liquidation of all assets in the CLO portfolio and the final distribution of the proceeds of such liquidation and (ii) termination of OFS CLO Management II for cause (as defined in the CLO Management Agreement). In addition, the CLO Management Agreement allows OFS CLO Management II to resign upon specified, prior written notice to the CLO, the indenture trustee, and the applicable rating agency. If the CLO Management Agreement is terminated for any reason, or if OFS CLO Management II resigns or is removed, the fees and expenses payable by the CLO to OFS CLO Management II that have not yet been paid or reimbursed, shall be due and payable following its termination, resignation, or removal.

Unless otherwise provided in the CLO Management Agreement, OFS CLO Management II will be responsible for all its ordinary expenses incurred in the performance of its obligations under the CLO Management Agreement, including the fees and expenses of any third parties employed by it to perform such obligations. Any expense reimbursements will be payable only to the extent funds are available therefor in accordance with and subject to the limitations contained in the CLO Indenture.

The CLO is responsible for certain costs and expenses incurred by OFS CLO Management II on its behalf, as specified in the CLO's Governing Documents, which will typically include, among others, the following:

- (i) costs and expenses incurred in connection with the establishment of the CLO;
- (ii) fees and expenses payable to rating agencies, consultants, legal counsel, accountants, or other agents, experts, or professionals;
- (iii) fees and expenses in connection with the acquisition, voting, or disposition of investments (including (a) investment related travel, communications and related expenses and (b) amounts in connection with the termination, cancellation or abandonment of a potential acquisition or disposition of any portion of the collateral that is not consummated);

- (iv) fees and expenses in connection with the carrying or management of investments (including costs and expenses for services and products (including information systems) relating to subscriptions and services from rating agencies and other service and research providers, portfolio management, communications with security holders, loan pricing and valuation, trade execution, loan administration and booking and compliance employed by OFS CLO Management II);
- (v) fees and expenses incurred in connection with the CLO Notes;
- (vi) fees and expenses in connection with trade execution, taxes, governmental costs, transfer fees, insurance, and other similar costs;
- (vii) any and all insurance premiums or expenses incurred by OFS CLO Management II in connection with the activities of the CLO;
- (viii) any and all fees and expenses incurred by OFS CLO Management II in connection with the establishment of any blocker subsidiary; and
- (ix) expenses incurred to comply with any law or regulation related to the activities of the CLO and OFS CLO Management II.

Such fees and expenses may, if permitted by the Governing Documents, include OFS CLO Management II's reasonable allocation of a portion of its overhead costs and expenses, including employment compensation.

The Client may incur certain charges imposed by custodians, trustees, brokers, and other third parties, including custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. OFS CLO Management II does not receive a brokerage commission or other compensation attributable to the sale of securities or other investment products. For a detailed discussion of the factors that OFS CLO Management II will consider in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of commissions and compensation for such broker-dealers, please see "Item 12 Brokerage Practices-Selection of Broker-Dealers and Reasonableness of Compensation."

Payment or reimbursement of operational costs and expenses to OFS CLO Management II or its affiliates by the CLO creates conflicts of interest among OFS CLO Management II, its affiliates and the CLO. To mitigate this conflict, operational costs and expenses billed to the CLO are submitted to that CLO's independent trustee for review and payment.

Certain affiliates of OFSAM will be entitled to service fees pursuant to service agreements with OFS CLO Management II; however, such service fees will be paid directly by OFS CLO Management II and will not be directly paid by the CLO.

The CLO Management Agreement generally provides that OFS CLO Management II is entitled to indemnification by the CLO against any claims or liabilities, including reasonable legal fees and other expenses incurred in the course of its engagement, unless OFS CLO Management II engages in specified activities such as fraud, willful misconduct, bad faith, or gross negligence.

Investors should review the CLO's Governing Documents for specific information about CLO fees and expenses.

Item 6 Performance-Based Fees and Side-By-Side Management

The CLO Management Agreement provides for performance-based or incentive fee arrangements. The terms and conditions of OFS CLO Management II's fee arrangements are subject to individualized negotiations with the CLO and future CLO Clients, and will be structured in accordance with Section 205 of the Advisers Act and the rules promulgated thereunder, which permit performance-based fee arrangements with "qualified clients." For a description of OFS CLO Management II's performance-based fee arrangements, please see "Item 5 Fees and Compensation."

Conflicts Relating to Performance Fees

Performance-based fee arrangements and any OFS Advisors' ownership of certain collateralized loan obligation interests may create an incentive for OFS CLO Management II to recommend investments that may be riskier or more speculative than those that OFS CLO Management II would otherwise recommend under a different fee arrangement. In the allocation of investment opportunities among OFS Clients, performance-based fee arrangements may also create an incentive for OFS Advisors to favor OFS Clients with performance or incentive fee arrangements over OFS Clients that are not charged a performance fee, or even to favor one OFS Client with incentive fee arrangements over another OFS Client with similar arrangements, depending on the relative performance of such OFS Clients' investment portfolios. OFS Advisors have promulgated policies and procedures to address these conflicts, including policies and procedures designed to ensure allocation of trades and securities to OFS Clients on a fair and equitable basis, considering each OFS Client's investment objectives and strategies as well as other relevant factors including applicable law.

Investment Allocation Policy

To assist OFS Advisors, including OFS CLO Management II, in ensuring that investment opportunities are allocated among their OFS Clients in a manner that, over time, is fair and equitable, the OFS Advisors have jointly adopted an order aggregation and trade allocation policy (the "**Aggregation and Allocation Policy**"). In accordance with the Aggregation and Allocation Policy, while each OFS Client may not participate in each individual investment opportunity, on an overall basis, each OFS Client will be entitled to participate equitably with all other OFS Clients.

The OFS Advisors currently have one investment committee for all OFS Clients that are collateralized loan obligation funds (together with the CLO, collectively, "**CLO Clients**"). A second investment committee is for OFS Clients focused primarily on investments in middle market companies, such as the business development companies ("**BDCs**") advised by OFS Capital Management. A third investment committee is focused on investments made by the small business investment companies ("**SBICs**") owned by a certain BDC advised by OFS Capital Management. A fourth investment committee is focused on investments by OFS Credit Company, Inc., a registered closed-end fund advised by OFS Capital Management. Each investment committee is responsible for allocation decisions among the OFS Clients it serves. If an investment opportunity may be appropriate for OFS Clients served by more than one investment committee, such as for both the CLO Clients and BDCs, the Pre-Allocation Investment Committee, comprised

primarily of members of multiple investment committees, will allocate such investment between the groups of OFS Clients served by such investment committees, and then the individual investment committees will allocate the investment among their individual OFS Clients. The Pre-Allocation Investment Committee also determines whether an investment is appropriate for one or more separately managed accounts and sub-advised OFS Clients advised by OFS Capital Management and, if so, will determine the allocation of the portion of such opportunity. In determining the appropriateness of an investment opportunity for a particular group of OFS Clients, the Pre-Allocation Investment Committee will consider the regulatory and other restrictions applicable to that group of OFS Clients, as well as certain other factors, including:

- (i) availability of capital to make such investment;
- (ii) the investment objectives or strategies of the OFS Clients;
- (iii) liquidity objectives and constraints of the OFS Clients;
- (iv) tax considerations applicable to the OFS Clients;
- (v) risk, diversification or investment concentration parameters for the OFS Clients (including investment size, fixed or floating rate requirements, industry categories and credit rating requirements);
- (vi) characteristics of the security being considered for purchase or for the disposition (including the expected return, type of security, seniority in the capital structure, and call and put features);
- (vii) supply or demand for a security being considered for purchase or for the disposition at a given price level;
- (viii) size of the available investment;
- (ix) the OFS Client's life cycle (i.e., inside ramp-up period versus outside ramp-up period; and
- (x) such other factors as may be relevant to a particular transaction.

If an investment opportunity is allocated to the CLO Clients by the Pre-Allocation Investment Committee, the Broadly Syndicated Investment Committee will allocate the opportunity among the CLO Clients managed by OFS CLO Management and OFS CLO Management II. The Broadly Syndicated Investment Committee will determine the allocation by considering, among other things, the following factors and the weight that should be given with respect to each of these factors:

- (i) the investment guidelines and/or restrictions set forth in the applicable CLO Client's Governing Documents;
- (ii) the CLO Client's risk and return profile;

- (iii) the suitability/priority of a particular investment for the CLO Client;
- (iv) if applicable, the targeted position size of the investment for the CLO Client;
- (v) the CLO Client's level of available cash for investment;
- (vi) the CLO Client's total capitalization;
- (vii) the vintage and remaining term of the CLO Client's investment period, if any; and
- (viii) any other consideration deemed relevant (e.g., price, credit, legal documentation) by the Broadly Syndicated Investment Committee, in good faith.

CLO Clients that are in their "ramp-up" period will generally have priority in acquisitions over CLO Clients that are outside their ramp-up period but still within their investment or re-investment periods. The application of one or more of the factors listed above, however, or other factors determined by the Broadly Syndicated Investment Committee to be relevant/appropriate, may result in the allocation of an investment opportunity to a CLO Client no longer in its ramp-up period over a CLO Client that is still within its ramp-up period.

If the OFS Advisors are unable to obtain the aggregate amount desired of a limited investment opportunity for two or more groups of OFS Clients, the Pre-Allocation Investment Committee will generally pro-rate the aggregate allocation received between the OFS Client groups, and the individual investment committees will allocate among their individual OFS Clients, in all cases, generally based on the original amount recommended for each such OFS Client, such that each OFS Client will get the same percentage of the amount originally sought for such OFS Client. If, in either the Pre-Allocation Investment Committee's or the individual investment committee's reasonable business judgment, a non-pro-rata allocation is justified, a brief description of how the investment was allocated and the reasoning for such non-pro rata allocation will be included in the documentation pertaining to that investment for the affected OFS Clients. The size of an aggregated order will be based on an estimate of what the applicable investment committee expects to be appropriate for each OFS Client.

From time-to-time the Pre-Allocation Investment Committee and OFS Advisors' other investment committees will review investment opportunities sponsored by Ares Management and Apollo Global Management in the normal course of business. Certain principals of Ares Management and a principal owner of Apollo Global Management have a familial relationship with Richard Ressler, an indirect owner of OFS CLO Management II.

Conflicts Related to Purchases and Sales

Certain OFS Clients will sometimes make an investment: (1) in conjunction with an investment being made by another OFS Client or a client of OFS Advisors' affiliates (an "**Affiliate Client**"); or (2) that is already held by another OFS Client or Affiliate Client. Investment opportunities are, from time to time, appropriate for more than one OFS Client and/or Affiliate Client in the same, different or overlapping securities of a portfolio company's capital structure. Conflicts arise when an OFS Client invests in a level of the capital structure of a portfolio company that differs from that of another OFS Client or Affiliate Client. Questions arise as to whether payment obligations

and covenants should be enforced, modified or waived, or whether debt should be restructured, modified or refinanced.

Certain OFS Clients and Affiliate Clients may invest in debt and other securities of companies in which another OFS Client and/or Affiliate Client hold those same securities or different securities, including equity securities. In the event that such investments are made by OFS Clients or an Affiliate Client, the interests of such OFS Clients or Affiliate Clients will at times conflict with the interests of the other, particularly in circumstances where the underlying company is facing financial distress. Decisions about what action should be taken, particularly in troubled situations, raises conflicts of interest, including, among other things, whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring. The involvement of such OFS Clients and Affiliate Clients at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors, including among OFS Clients or Affiliate Clients. In certain circumstances, OFS Clients or Affiliate Clients may be prohibited from exercising voting or other rights and may be subject to claims by other creditors with respect to the subordination of their interest.

In the event that an OFS Client or Affiliate Client has a controlling or significantly influential position in a portfolio company, that OFS Client or Affiliate Client may have the ability to elect some or all of the board of directors of such a portfolio company, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling OFS Client or Affiliate Client is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times, be in direct conflict with other OFS Clients or Affiliate Clients that have invested in the same portfolio company that do not have the same level of control or influence over the portfolio company.

If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the OFS Clients and/or Affiliate Clients may or may not provide such additional capital, and if provided each OFS Client or Affiliate Client will supply such additional capital in such amounts, if any, as determined by the OFS Advisors. In addition, a conflict arises in allocating an investment opportunity if the potential investment target could be acquired by either an OFS Client or a portfolio company of another OFS Client. Investments by more than one OFS Client or Affiliate Client in a portfolio company also raises the risk of using assets of an OFS Client or Affiliate Client to support positions taken by other OFS Clients or Affiliate Clients, or that an OFS Client or Affiliate Client may remain passive in a situation in which it is entitled to vote. In addition, there may be differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs, different OFS Client or Affiliate Client mandates or fund differences, or different securities being held. These variations in timing may be detrimental to an OFS Client or Affiliate Client.

The application of an OFS Client's or Affiliate Client's Governing Documents and the policies and procedures of the OFS Advisors are expected to vary based on the particular facts and circumstances surrounding each investment by two or more OFS Clients/Affiliate Clients, in particular when those OFS Clients or Affiliate Clients are in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure)

and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed.

OFS Advisors leverage an extensive network of third-party sponsors to identify and source attractive opportunities in which to co-invest on behalf of its OFS Clients. From time to time, OFS Advisors will invest in opportunities by these sponsors on behalf of their OFS Clients, and sponsors will invest in OFS Clients or in CLO Client warehouse vehicles that are expected to form part of the portfolio of future collateralized loan obligation funds to be managed by OFS Advisors. In these instances, OFS Advisors will (and may during the warehouse period, if and to the extent provided in the warehouse's governing documents) receive fees (which can include asset based and/or performance fees, depending on OFS Advisors meeting internal rates of return thresholds) from the sponsor. A potential conflict exists as OFS Advisors may be incentivized to invest OFS Client assets in the sponsor sourced opportunities, despite such opportunities being unsuitable for such OFS Client, for the sole purpose of spurring a reciprocal investment in the same OFS Client or other OFS Clients. OFS Advisors has established an Order Aggregation and Trade Allocation Policy as well as procedures for each respective investment committee to regularly monitor the portfolios of its OFS Clients in order to ensure compliance with each OFS Client's investment objectives.

Conflicts Related to Investments in Publicly Traded Securities

OFS CLO Management may be limited in investing in broadly syndicated loans of U.S. issuers on behalf of its Clients, if the corporate bonds of that issuer are already held in certain Clients' accounts. Additionally, OFS CLO Management may not be able to exit an investment in a corporate bond should OFS CLO Management have possession of any material non-public information regarding the bond's issuer.

Item 7 Types of Clients

OFS CLO Management II provides services to the CLO. Investors in the CLO may include banks, insurance companies, and other institutions, as well as private funds, sovereign wealth funds and government or private pension funds.

The CLO Notes are not registered under the Securities Act of 1933 (“**Securities Act**”) or any state securities laws and may only be purchased (i) outside the United States by persons that are not U.S. Persons pursuant to Regulation S of the Securities Act or (ii) within the United States by “qualified institutional buyers” pursuant to Rule 144A of the Securities Act. In addition, certain tranches of the CLO Notes are sold to “accredited investors” as defined in Rule 501(a) of Regulation D of the Securities Act. Both qualified institutional buyers and accredited investors must also be “qualified purchasers” as defined in the Investment Company Act of 1940 (“**Investment Company Act**”).

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

The following is a summary of OFS CLO Management II's investment strategies and methods of analysis. This summary should not in any way limit OFS CLO Management II's investment activities. OFS CLO Management II may offer advisory services, provide advice with respect to investment strategies and make investments, including those that may not be described in this Brochure, which OFS CLO Management II considers appropriate, subject to the CLO's investment objectives and guidelines. Specific descriptions of such strategies and methods are included in the CLO's Governing Documents. There can be no assurance that the investment objectives of the CLO will be achieved.

OFS CLO Management II's investment strategy focuses primarily on debt investments in large corporate U.S. companies.

Methods of Analysis

The portfolio investments OFS CLO Management II makes on behalf of its Client typically originate from the following sources:

- OFS CLO Management II's proprietary database of borrowers and intermediaries;
- Private equity sponsors;
- Lending institutions, including agent and investment banks; and
- Financial intermediaries.

Potential investments undergo a detailed review by OFS CLO Management II's credit personnel, which includes consideration of the following factors:

- Client eligibility;
- Competitive strengths/weaknesses of the borrower;
- Purpose of the loan/use of funds;
- Financial performance (historical and projected) of the borrower;
- Overall business of the borrower, including products, services, management, sponsor, industry, and competition;
- Enterprise and collateral value;
- Environmental, social and governance ("ESG") factors;
- Transaction and corporate structure;
- Exit alternatives; and
- Any other identified weaknesses/risks and potential mitigating factors.

From time to time, OFS CLO Management II may engage third parties, including certain of its affiliates, to assist in the underwriting and due diligence process.

Investments that satisfy OFS CLO Management II's underwriting criteria are submitted to the Broadly Syndicated Investment Committee, which must approve the investment. Once an investment is acquired, it is reviewed on an ongoing basis as appropriate by the investment committee. This review generally includes the following:

- Receipt and review of periodic borrower financial statements and other deliverables;
- Ongoing communication with senior management; and
- Regular review of any “watch list” credits; i.e., those that fall below designated internal and external credit quality ratings.

OFS CLO Management II’s ESG Approach

Although ESG considerations do not represent a primary focus of OFS CLO Management II’s investment strategies, OFS CLO Management II integrates them into pre-investment sourcing and origination, underwriting, approval and portfolio management functions where OFS CLO Management II deems appropriate. OFS CLO Management II believes that, in certain scenarios, ESG matters have the potential to impact financial risk or create opportunities for an issuer and are best analyzed in combination with an issuer’s fundamentals, including its industry, management, growth prospects, geography and strategic position. OFS CLO Management II believes that addressing ESG factors can contribute to a more robust and integrated evaluation of all investment risks.

Where OFS CLO Management II deems appropriate, OFS CLO Management II considers one or more ESG factors together with non-ESG factors in making investment decisions, and the ESG factors are generally no more significant than other factors in the investment selection process, such that ESG factors may not be determinative in providing advice with respect to any particular investment. The specific ESG factors that may be considered in connection with any potential investment may depend on, and be tailored as appropriate to, the particular asset class or issuer being evaluated for investment. Depending on the investment, OFS CLO Management II likely has differing levels of control and information transparency both during the underwriting process and after an investment has been consummated, which could affect the way OFS CLO Management II assesses and integrates ESG factors. The specific ESG factors OFS CLO Management II may look at include: (1) environmental factors, such as climate risks, water management, pollution and waste and adherence to local regulations; (2) social factors, such as customer relations, human capital, demographic and societal trends and employee and community health and safety; and (3) governance factors, such as organizational structure, management credibility and track record, risk management, accounting and compliance reporting standards, corporate governance and conflicts of interests. Given that the materiality of certain factors may vary based on sector, issuer and industry, OFS CLO Management II does not focus on any particular factor or set of factors in its review of potential investments, and OFS CLO Management II may consider certain ESG factors for certain investments and not for other investments. When considering ESG factors, OFS CLO Management II generally uses company disclosures, public data sources, third-party ESG ratings and/or industry standard frameworks (e.g., SASB, TCFD) as inputs to support its ESG assessment. OFS CLO Management II may incorporate ESG factors to evaluate an issuer as part of risk analysis, credit analysis or in other manners. ESG factors may vary across types of investments and issuers, and not every ESG factor may be identified or evaluated for a particular investment.

OFS CLO Management II does not employ negative screening, but will generally not seek to make investments where the principal business activities include the following: controversial weapons, tobacco, controlled substances (e.g., opioids or federally prohibited drugs), adult entertainment, coal mining and coal terminals, oil and gas (independent exploration and production, refining and

marketing), payday or subprime lending (highly speculative financial operations) or private prisons because they often do not align with OFS CLO Management II's core values. Before due diligence commences, OFS CLO Management II's investment team will flag potential investments in these sensitive sectors and they will generally fail to progress through the due diligence process.

Risk of Loss

Investing in securities involves risk of loss that the Client and its investors should be prepared to bear. Investors should be aware that mandates will limit the CLO to certain types of investments, which may not be diversified. The CLO is generally not intended to provide a complete investment program and the CLO investors are responsible for appropriately diversifying their assets to guard against the risk of loss.

The following discusses certain material risks associated with investments in the CLO. Please refer to the CLO's Governing Documents for further discussion of material risks.

Investments in Highly Leveraged Companies. The debt investments OFS CLO Management II make for its Client consist primarily of non-investment-grade loans to leveraged companies. Investment in highly leveraged companies involves significant risks. Highly leveraged companies in which OFS CLO Management II invests on behalf of its Client may have limited financial resources and may be unable to meet their obligations under their debt securities that the Client holds due to significant volatility of such companies. Such developments may be accompanied by a deterioration of the value of any collateral and a reduction in the likelihood of the Client realizing any gains that may have been obtained with its investment. Any default on the debt is likely to result in substantial and protracted negotiations or restructuring that may result in a reduction in the interest rate, write-down of principal, or changes to the terms, conditions or covenants with respect to the investment. Please also refer to "Effect of Bankruptcy" below.

Although a large portion of the Client's investment portfolios consist of senior secured loans the Client also invests in subordinated loans, which are generally unsecured. As such, other creditors will rank senior to the Client in the event of an insolvency. Smaller leveraged companies also generally have less predictable operating results and require substantial additional capital to support their operations, finance their expansion or maintain their competitive position. Such investments typically result in a higher amount of risk than senior secured loans, as well as volatility or loss of principal. Investments in portfolio companies made on behalf of the Client may be highly speculative and aggressive, and therefore, an investment in the Client may not be suitable for someone with lower risk tolerance.

Investments in Private Companies. Investment in private companies involves significant risks. Generally, little public information exists about these companies, and OFS CLO Management II expects to rely on the ability of its investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If OFS CLO Management II is unable to uncover all material information about these companies, OFS CLO Management II may not make a fully informed investment decision, and its Client may lose money on these investments as a result.

Illiquid Investments. The Client's assets are frequently invested in illiquid securities, and a substantial portion of the Client's investments in leveraged companies are subject to legal and other restrictions on resale or are otherwise less liquid than more broadly traded public securities. The illiquidity of these investments may make it difficult to sell such investments if the need arises. In addition, if OFS CLO Management II is required to liquidate all or a portion of the Client's portfolio quickly, the Client may realize significantly less than the value at which OFS CLO Management II had previously recorded the Client's investments. OFS CLO Management II may also face other restrictions on its ability to liquidate an investment in the Client's portfolio company to the extent that OFS Advisors or any of their other affiliates have material nonpublic information regarding such portfolio company.

Portfolio Concentration. The Client's portfolios will be concentrated in a limited number of portfolio companies and industries. While the Client's portfolio may be subject to asset diversification requirements pursuant to the requirements of the CLO Indenture, OFS CLO Management II does not have fixed guidelines for diversification. Consequently, the Client's returns may be significantly adversely affected if a small number of investments perform poorly or if there are write downs to the value of any one investment. Additionally, while OFS CLO Management II is not generally targeting any specific industries, the Client's investments may be concentrated in relatively few industries. Additionally, a downturn in any particular industry in which the Client is invested could significantly impact the Client's aggregate returns.

Effects of Bankruptcy. Although OFS CLO Management II generally does not make investments on behalf of its Client in companies or securities that it determines to be distressed investments, the Client may hold debt securities of leveraged companies that may have limited financial resources and may be unable to meet their obligations under their debt securities due to significant volatility of such companies. Negative developments may be accompanied by deterioration of the value of any collateral and a reduction in the likelihood of the Client realizing any gains that OFS CLO Management may have obtained in connection with its Client's investment. Such developments may ultimately result in the leveraged companies in which the Client invests entering into bankruptcy proceedings, which have a number of inherent risks. Many events in a bankruptcy proceeding are the product of contested matters and adversary proceedings and are beyond the control of the creditors. A bankruptcy filing by an issuer or obligor under a loan or debt investment may adversely and permanently affect such issuer or obligor. If the proceeding is converted to a liquidation, the value of the issuer may not equal the liquidation value that was believed to exist at the time of the investment.

The duration of a bankruptcy proceeding is also difficult to predict, and a creditor's return on investment can be adversely affected by delays until the plan of reorganization or liquidation ultimately becomes effective. The administrative costs of a bankruptcy proceeding are frequently high and would be paid out of the debtor's estate prior to any return to creditors. Because the standards for classification of claims under bankruptcy law are vague, OFS CLO Management II's influence with respect to the class of securities or other obligations owned by its Client may be lost by increases in the number and amount of claims in the same class or by different classification and treatment. In the early stages of the bankruptcy process, it is often difficult to estimate the extent of, or even to identify, any contingent claims that might be made. In addition, certain claims that have priority by law (for example, claims for taxes) may be substantial. In addition, since any loans or bonds in which the Client may have invested are generally subordinated to senior loans

and/or are generally unsecured, other creditors may rank senior to the Client in the event of a bankruptcy proceedings.

Financial Institution Risk: A Client's investment is subject to the risk that its banks, brokers, counterparties or other custodians of some or all of the Client's assets (each, a "Financial Institution") fail to perform its obligations or experience insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, the Client and/or its portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("FDIC"), in the case of banks, or the Securities Investor Protection Corporation ("SIPC"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of OFS CLO Management II to manage its Clients' investments, and on the ability of OFS CLO Management II, its Clients and/or their portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to cause Clients and/or portfolio companies to pay fees and expenses in the event Clients and/or portfolio companies are not able to close transactions (whether due to the inability of investors to make capital contributions or otherwise), as well the inability of Clients to acquire or dispose of investments at prices that OFS CLO Management II believes reflect the fair value of such investments and/or the inability of portfolio companies to make payroll, fulfill obligations and maintain operations. Although OFS CLO Management II expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

Many Financial Institutions require, as a condition to using their services or otherwise, that clients and/or their portfolio companies maintain all or a set amount or percentage of their respective accounts or assets with custodians, which heightens the risk associated with a Distress Event with respect to such custodians. Although a Client seeks to do business with custodians that it believes are creditworthy and capable of fulfilling their respective obligations to the Client, the Client's portfolio companies are under no obligation to use a minimum of custodians or to maintain account balances at or below the relevant insured amounts.

Non-Controlling Investments. The Client generally will not hold controlling positions in the portfolio companies in which it invests. As a result of not holding controlling interests in these portfolio companies, the Client is subject to the risk that a portfolio company may make business decisions with which OFS CLO Management II disagrees, and that the management and/or equity

or debt holders of a portfolio company may take risks or otherwise act in ways that are adverse to the Client's interests. Due to the lack of liquidity of the debt and equity investments that the Client may hold in portfolio companies, OFS CLO Management II may not be able to dispose of these investments in the event it disagrees with the actions of a portfolio company, and the Client may therefore suffer a decrease in the value of these investments.

Effects of Default. A portfolio company's failure to satisfy financial or operating covenants imposed by OFS CLO Management II on behalf of its Client or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its assets. This could trigger cross-defaults under other agreements and jeopardize such portfolio company's ability to meet its obligations under the debt or equity securities held by its Client. OFS CLO Management II may incur expenses on behalf of its Client to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with respect to a defaulting portfolio company.

Subordination Risk. OFS CLO Management II will invest a portion of its Client's capital in second lien and unitranche loans issued by portfolio companies. These portfolio companies may be permitted to incur other debt that ranks equally with, or senior to, the debt securities in which the Client invests. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which the Client would be entitled to receive payments in respect of its debt investments. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to the Client's investment in that portfolio company would typically be entitled to receive payment in full before the Client receives any distribution in respect of its investment. After repaying senior creditors, the portfolio company may not have any remaining assets to use to repay its obligation to the Client. In the case of remaining assets available on the debt ranking equally with debt securities in which the Client invests, the Client would have to share any distributions on an equal and ratable basis with other creditors holding such debt.

Additionally, certain loans of portfolio companies held by the Client may be secured on a second-priority basis by the same collateral securing first-priority debt of such companies. The senior-secured liens on the collateral will secure the portfolio company's obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by first-priority liens on the collateral will generally control the liquidation of, and be entitled to receive proceeds from, any realization of the collateral to repay their obligations in full before the Client. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of the collateral would be sufficient to satisfy the loan or corporate bond obligations secured by the second-priority liens after payment in full of all obligations secured by the first-priority liens on the collateral. If such proceeds were not sufficient to repay amounts outstanding under the loan or corporate bond obligations secured by the second-priority liens, then the Client, to the extent not repaid from the proceeds of the sale of the collateral, would only have an unsecured claim against the portfolio company's remaining assets, if any.

The rights the Client may have with respect to the collateral securing the loans and corporate bonds made to portfolio companies with more senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements entered into with the holders of such senior debt. Under a typical intercreditor agreement, at any time that obligations that have the benefit of the first-priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first-priority liens:

- the ability to cause the commencement of enforcement proceedings against the collateral;
- the ability to control the conduct of such proceedings;
- the approval of amendments to collateral documents;
- releases of liens on the collateral; and
- waivers of past defaults under collateral documents.

OFS CLO Management II may not have the ability to control or direct any such actions, even if the rights of its Client are adversely affected.

The Client may also invest in unsecured subordinated loans to portfolio companies, meaning that such loans will not benefit from any interest in collateral of such companies. Liens on such portfolio companies' collateral, if any, secure the portfolio company's obligations under its outstanding secured debt and may secure certain future debt that is permitted to be incurred by the portfolio company under its secured loan agreements. The holders of obligations secured by such liens generally control the liquidation of, and are entitled to receive proceeds from, any realization of such collateral to repay their obligations in full before the Client. In addition, the value of such collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of such collateral would be sufficient to satisfy the unsecured loan obligations of the Client after payment in full of all secured loan and corporate bond obligations. If such proceeds were not sufficient to repay the outstanding secured loan and corporate obligations, then the Client's unsecured claims would rank equally with the unpaid portion of such secured creditors' claims against the portfolio company's remaining assets, if any.

Subordinated investments will generally be subject to greater risk of default than senior obligations as a result of adverse changes in the financial condition of the obligor or in general economic conditions. If OFS CLO Management II makes a subordinated investment on behalf of its Client in a portfolio company, the portfolio company may be highly leveraged, and its relatively high debt-to-equity ratio may create increased risks that its operations might not generate sufficient cash flow to service all of its debt obligations.

Please also refer to "Conflicts Related to Purchases and Sales" above.

Contingent Liabilities. A significant portion of the Client's investments involve private securities. In connection with the disposition of such investment in private securities, OFS CLO Management II may be required to make representations on behalf of its Client about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. The Client may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate – or with respect to potential

liabilities. These arrangements may result in contingent liabilities that ultimately result in funding obligations that must be satisfied through the Client's return of previously made distributions.

Competitive Environment. OFS CLO Management II operates in a highly competitive market for investment opportunities, which could reduce returns and result in losses for its Client. Other entities compete with OFS CLO Management II to make the types of investments that OFS CLO Management II seeks on behalf of its Client. OFS CLO Management II competes with public and private funds, commercial and investment banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. Many of these competitors are substantially larger and have considerably greater financial, technical and marketing resources than OFS CLO Management II or its Client. Many of these competitors have similar investment objectives to the Client, which may create additional competition for investment opportunities. Some competitors may have access to funding sources not available to the Client, which may create competitive disadvantages for the Client with respect to its investment opportunities. In addition, some of these competitors may have higher risk tolerances or different risk assessments and investment strategies, which could allow them to consider a wider variety of investments and establish more relationships than the Client. The competitive pressures OFS CLO Management II faces may have a material adverse effect on the business, financial condition and results of operations of its Client. Because of this competition, the Client may not be able to take advantage of attractive investment opportunities from time to time, and OFS CLO Management II may not be able to identify and make investments on its behalf that are consistent with its investment objectives.

The success of the Client will depend on OFS CLO Management II's ability to originate, recommend, structure, identify and consummate suitable investments in a highly competitive environment, to improve the operating performance of portfolio companies, and to satisfactorily exit the investments. The activity of identifying, completing and realizing attractive debt investments involves a significant degree of uncertainty, and the Client will compete with the public debt and equity markets and with other investors, including other funds, private equity funds, direct investment firms and merchant banks, for investment opportunities. There can be no assurance that OFS CLO Management II will be able to locate and complete investments that satisfy its Client's rate of return objectives or realize upon their values or that OFS CLO Management II will be able to fully invest its Client's capital.

Leverage. CLOs are highly leveraged vehicles. The income and net assets of a leveraged entity will tend to increase or decrease at a greater rate than if borrowed money were not used. The use of leverage, combined with negative performance, may result in investors in the Client losing some or all of their principal.

Lender Liability. A number of judicial decisions have upheld judgments of borrowers against lenders on the basis of various evolving legal theories, collectively termed "lender liability." Generally, lender liability is founded on the premise that a lender has violated a duty (whether implied or contractual) of good faith, commercial reasonableness and fair dealing, or a similar duty owed to the borrower or has assumed an excessive degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because the Client will typically act as a lender to the portfolio companies in which it invests, the Client could become subject to allegations of lender liability. Such allegations may subject the

Client to the risk of becoming involved in litigation by third parties. This risk may be greater where OFS CLO Management II or its Client exercises control or significant influence over a portfolio company's direction.

Interest Rate Risk. Although OFS CLO Management II will generally attempt to match the interest rates the Client pays to finance its portfolio investments against the interest paid by the investments themselves, variations in interest rates may result in a “mismatch” that would lower the overall profitability of the Client's investment programs. In addition, portfolio investments that bear interest at a rate tied to an index will pay a lower interest rate when the index falls. Although many of the variable-rate debt instruments OFS CLO Management II purchases on behalf of its Client may bear a minimum “floor” rate of interest to mitigate interest rate risks, this may not always be the case.

In addition, increasing interest rates may lead to higher prepayment rates, as borrowers look to avoid escalating interest payments or refinance floating rate loans. Further, a general rise in interest rates will likely increase the Client's financing costs.

LIBOR Risk. The London Interbank Offered Rate (“LIBOR”) was the basic rate of interest used in lending transactions between banks on the London interbank market and was widely used as a reference for setting the interest rate on loans globally.

On March 5, 2021, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it will not compel banks to contribute to the overnight and 1-, 3-, 6-, and 12-month US LIBOR tenors and cease publication of all other tenors after December 31, 2022. To identify a successor rate for U.S. dollar LIBOR, the Alternative Reference Rate Committee (“ARRC”), a U.S.-based group convened by the U.S. Federal Reserve Board and the Federal Reserve Bank of New York, was formed. On July 29, 2021, the ARRC formally recommended Secured Overnight Financing Rate (“SOFR”) as its preferred alternative replacement for LIBOR for use in derivatives and other financial contracts currently indexed to LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by U.S. Treasury securities, and is based on directly observable U.S. Treasury-backed repurchase transactions. The ARRC has proposed a paced market transition plan to SOFR from LIBOR.

There are significant differences between LIBOR and SOFR, such as LIBOR being an unsecured lending rate while SOFR is a secured lending rate, and SOFR is an overnight rate while LIBOR reflects term rates at different maturities. Although SOFR is the ARRC's recommended replacement rate, it is also possible that lenders may instead choose alternative replacement rates that may differ from LIBOR in ways similar to SOFR. In addition, the discontinuance of LIBOR and/or changes to another index could result in mismatches with the interest rate of the Client's investments. The transition from LIBOR to SOFR or other alternative reference rates may also introduce operational risks in accounting, financial reporting, loan servicing, liability management and other aspects of OFS CLO Management II's business. However, OFS CLO Management II cannot reasonably estimate the impact of the transition at this time.

On July 29, 2021, the ARRC formally announced that it recommended the Chicago Mercantile Exchange's forward-looking SOFR term rates for use in business loans, including securities backed by such assets. However, forward-looking SOFR term rates will not be representative

of three-month LIBOR, and there is no requirement that the Chicago Mercantile Exchange will continue to publish forward-looking SOFR term rates, in which case the CLOs may be required to use other measurements of SOFR, as applicable.

On March 15, 2022, President Biden signed into law the Adjustable Interest Rate (LIBOR) Act as part of the Consolidated Appropriations Act of 2022, which among other things, provides for the use of interest rates based on SOFR in certain contracts currently based on LIBOR and a safe harbor from liability for utilizing SOFR-based interest rates as a replacement for LIBOR.

The specific effects of the transition away from LIBOR cannot be determined with certainty. The transition away from LIBOR could:

- adversely impact the pricing, liquidity, value of, return on and trading for a broad array of financial products, including any LIBOR-linked investment;
- require extensive changes to documentation that govern or references LIBOR or LIBOR-based products, including, for example, pursuant to time-consuming renegotiations of existing documentation to modify the terms of outstanding investments;
- results in inquiries or other actions from regulators in respect of OFS CLO Management II's preparation and readiness for the replacement of LIBOR with one or more alternative reference rates;
- results in disputes, litigation or other actions with investors, regarding the interpretation and enforceability of provisions in the Client's investments, such as fallback language or other related provisions, including, in the case of fallbacks to the alternative reference rates, any economic, legal, operational or other impact resulting from the fundamental differences between LIBOR and the various alternative reference rates;
- require the transition and/or development of appropriate systems and analytics to effectively transition Client risk management processes from LIBOR-based products to those based on one or more alternative reference rates, which may prove challenging given the limited history of the proposed alternative reference rates; and
- cause OFS CLO Management II or its Client to incur additional costs in relation to any of the above factors.

LIBOR Mismatch. The effect of a phase out of LIBOR on U.S. senior secured loans, the underlying assets of the portfolio companies in which the Client invests, is currently unclear. To the extent that any replacement rate utilized for senior secured loans differ from that utilized for the loans held by the Client, the Client would experience an interest rate mismatch between its assets and liabilities which could have an adverse impact on the Client's net investment income and portfolio returns.

In addition, there could be a mismatch between the terms of LIBOR and a replacement rate. Many corporate borrowers can elect to pay interest based on 1-month LIBOR, 3-month LIBOR and/or other rates in respect of the loans held by the Client, in each case plus an applicable

spread, whereas the Client pays interest to investors of the Client's debt tranches based SOFR plus a spread. The 3-month LIBOR currently exceeds the 1-month LIBOR, which may result in many underlying corporate borrowers electing to pay interest based on 1-month LIBOR. It is uncertain at this time how the applicable spreads will diverge once there is a full transition to SOFR, or any other alternative rate, and any applicable benchmark rate adjustments. This mismatch in the rate at which a Client earns interest and the rate at which it pays interest on its debt tranches negatively impacts the cash flows on the Client's equity tranche, which may in turn adversely affect its cash flows and results of operations. Unless spreads are adjusted to account for such increases, these negative impacts may worsen as the amount by which the 3-month LIBOR exceeds the 1-month LIBOR increases or the amount by which the corresponding alternative reference rates might differ.

LIBOR Floor Risk. Because the Client issued debt on a floating rate basis, an increase in SOFR will increase the Client's financing costs. Many of the senior secured loans held by the Client have LIBOR floors such that, when LIBOR is below the stated LIBOR floor, the LIBOR floor (rather than LIBOR itself) is used to determine the interest payable under the loans. Therefore, if LIBOR increases but stays below the average LIBOR floor rate of the senior secured loans held by the Client, there would not be a corresponding increase in the investment income for the Client. The combination of increased financing costs without a corresponding increase in investment income in such a scenario would result in smaller distributions to equity holders of the Client. In addition, there may be disputes between market participants regarding the interpretation and enforceability of provisions in the Client's LIBOR-based investments (or lack of such provisions) related to the economic floors in such investments, which may result in a loss or degradation of floor protection in the case of a transition from LIBOR to any one of the various alternative reference rates, including SOFR.

Cov-Lite Loans. Although certain of the loans in which OFS CLO Management II invests on behalf of its Client are governed by loan agreements that include ongoing financial maintenance covenants, which are used to proactively address adverse changes in a borrower's financial performance. OFS CLO Management II also invests in "**Cov-Lite Loans**" on behalf of its Client. Cov-Lite Loans generally do not have ongoing financial maintenance covenants or a complete set of financial maintenance covenants and provide borrower companies more freedom to negatively impact lenders without triggering an event of default. Furthermore, their covenants may be incurrence-based, which means they can only be imposed only upon the occurrence of certain events (such as dividend payments, incurrence of incremental indebtedness, mergers or acquisitions, share purchases, or when the borrower borrows on a revolving loan past a certain threshold, etc.), rather than a deterioration in the borrower's financial condition. To the extent that this delays or forestalls the Client's ability to foreclose, force a restructuring, or take other action to protect their investment in a portfolio company, Cov-Lite Loans may involve a materially greater risk of loss, lower liquidity, and higher price volatility as compared to investments in or exposure to loans with financial maintenance covenants.

Priming Transactions. The underlying documents governing the loans in which the Client invests may allow for "priming transactions" in connection with which majority lenders or debtors can amend the underlying documents to the detriment of other lenders, amend the underlying documents in order to move collateral, or amend the underlying documents in order to facilitate

capital outflow to other parties/subsidiaries in a capital structure, any of which may adversely affect the rights and security priority of the issuer with respect to such loans.

Inflation Risk. OFS CLO Management II expects the current high inflationary environment to continue and some economists predict that the U.S. economy may enter an economic recession. Inflation may adversely affect the business, results of operations and financial condition of the portfolio companies in which the Client invests. Certain portfolio companies may be impacted by inflation, especially those in the manufacturing industry. If such portfolio companies are unable to pass any increases in their costs along to their customers, it could adversely affect such portfolio companies' results and impact their ability to pay interest and principal on existing loans. In addition, any projected future decreases in these portfolio companies' operating results due to inflation could adversely impact the fair value of the Client's investments in these portfolio companies. Any decrease in the fair value of the Client's investments could result in future unrealized losses and therefore reduce the Client's net assets resulting from operations.

Publicly Traded Securities. OFS CLO Management II may invest in publicly traded corporate bonds ("**publicly traded securities**") of an issuer ("**public company**") on behalf of its Client. OFS CLO Management II may be prevented from disposing publicly traded securities of a public company held by its Client if OFS Advisors inadvertently access material non-public information ("**MNPI**") on such public company. OFS CLO Management II may also be prevented from purchasing a publicly traded security of a public company while OFS Advisors are in possession of MNPI on the public company. Additionally, the Client may experience a loss of returns if OFS Advisors are restricted from selling their OFS Clients' holdings in or purchasing a publicly traded security of a public company.

OFS Advisors has implemented controls to ensure that OFS Advisors do not have access to MNPI on a public company prior to investing in a publicly traded security of such public company on behalf of OFS Clients. OFS Advisors has also implemented controls to prevent the access of MNPI on public companies of which publicly traded securities are held by OFS Advisors OFS Clients. As such, OFS Advisors maintain a restricted list including names of public companies for which OFS Advisors have access to MNPI, and are, thereby, restricted from purchasing or selling publicly traded securities of such public companies on behalf of OFS Clients. Failure to adhere to OFS Advisors' internal controls could ostensibly subject an OFS Client to inadvertently trading in a publicly traded security of a public company while OFS Advisors are in possession of MNPI, which could result in adverse effects on OFS Advisors' reputation, the imposition of regulatory or financial sanctions and the negative impact on the OFS Clients' investment performance.

Assignments vs. Participations. Typically, when OFS CLO Management II acquires interests in third-party loans on behalf of its Client, these interests are acquired directly by way of an assignment from the lending institution. The purchaser of an assignment of an interest in a loan typically succeeds to all the rights and obligations of the assignor and becomes a lender under the loan agreement. OFS CLO Management II may, however, purchase loan interests for its Client in the form of participations. Loan participations involve significant risks. A participation results in a contractual relationship only with the selling institution, not with the borrower. In the case of a participation, the investor will generally have the right to receive payments of principal, interest and any fees to which it is entitled only from the seller and only upon receipt by the seller of such payments from the borrower. The investor generally will have no right to enforce compliance by

the borrower with the loan agreement and may not directly benefit from the collateral supporting the loan. Consequently, the investor will assume the credit risk of both the borrower and the institution selling the participation.

Force Majeure. Force majeure is the term generally used to refer to an event beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, weather, earthquakes, war, terrorism, outbreaks of an infectious disease, pandemic or any other serious public health concern, and labor strikes. In particular, terrorist attacks have caused instability in the world financial markets and may generate global economic instability.

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 novel strain of coronavirus (“COVID-19”). The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy, and business activity in any of the countries in which the Client may invest and thereby adversely affect the performance of the Client’s investment portfolio. Given the increasing interdependence of global economies and markets, conditions in one country, market or region are increasingly likely to adversely affect markets and issuers in other countries, including the U.S. These disruptions could prevent normal business operations and increase the risk profile of investment strategies.

Foreign Investments. Although the Client invests primarily in portfolio companies in the U.S., a portion of Client’s investments may from time to time consist of obligations of non-U.S. obligors or U.S. obligors that are affiliated with non-U.S. companies. Investing outside the United States may involve a significant number of risks, which may include: less publicly available information; varying levels of governmental regulation and supervision; difficulties in enforcing legal rights or interpretation of laws; possible expropriation; or political, economic, or social instability. Even U.S. borrowers may be subject to these risks when they engage in substantial overseas investments or operations.

Potential Disruptions and Instability of Global Capital Markets. The state of the current worldwide financial markets, as well as various social and political tensions in the United States and around the world, may contribute to increased market volatility, may have long-term effects on the United States and worldwide financial markets and may cause economic uncertainties or deterioration in the United States and worldwide. For example, global financial markets are currently experiencing supply chain disruptions, significant labor and resource shortages, the impacts of economic sanctions as a result of the ongoing war between Russia and Ukraine, rising interest rates and a period of high inflation. In addition, there is currently geopolitical, economic and financial market instability in the United States, the United Kingdom, the European Union and China.

Russia’s military invasion of Ukraine in February 2022 and the resulting global responses, including economic sanctions by the United States, the European Union and other countries, could increase volatility and uncertainty in the financial markets and adversely affect regional and global economies. The extent and duration of the ongoing war in Ukraine and the repercussions of such war are impossible to predict, but could result in significant market disruptions. Depending on direction and timing, the Russian-Ukraine war may result in adverse changes to, among other

things: (i) general economic and market conditions; (ii) shipping and transportation costs and supply chain constraints; (iii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iv) available credit in certain markets; (v) import and export activity from certain markets; and (vi) laws, regulations, treaties, pacts, accords, and governmental policies. Economic and military sanctions related to the Russian-Ukraine war, or other conflicts, have the potential to gravely impact markets, global supply and demand, energy prices, inflation, import/export policies, and the availability of labor in certain markets. The foregoing could have a material adverse effect on the ability of underlying borrowers and issuers to perform their obligations.

OFS CLO Management II expects the current high inflationary environment to continue and some economists predict that the U.S. economy may enter an economic recession. Any disruptions in the capital markets, as a result of economic, political and market instability, may increase the spread between the yields realized on risk-free and higher risk securities and can result in illiquidity in parts of the capital markets, significant write-offs in the financial sector and re-pricing of credit risk in the broadly syndicated and corporate bond markets.

Significant disruption or volatility in the capital markets may also have a negative effect on the valuations of the Client's investments and affect the pace and the potential for liquidity events involving such Client's investments. Thus, the illiquidity of the Client's investments may make it difficult for OFS CLO Management II to sell such investments to access capital on behalf of its Client, if required, and as a result, Client could realize significantly less than the value at which OFS CLO Management II has anticipated the investment value if it were required to sell the investments for liquidity purposes. An inability to raise or access capital could have a material adverse effect on the Client's business, financial condition or results of operation.

The global pandemic caused by the outbreak of COVID-19 has led, and may continue to lead, to significant economic disruption in the economy of the United States and the economies of other nations. While many of the emergency measures and recommendations imposed by governmental authorities in response to the pandemic, including restrictions on travel and the closure of non-essential businesses have been eased, the pandemic and the resulting economic dislocations caused substantial disruption, volatility and a reduction in liquidity in the capital markets and the credit markets, including the leveraged loan market specifically, which may continue for an extended period. Any such volatility or additional waves of the COVID-19 outbreak or future pandemics, as well as the generally negative economic impact of such events, may have adverse impacts on our business and our results of operations and financial condition. While certain markets have shown signs of stabilizing, market conditions remain uncertain and a period of deterioration and volatility could re-emerge.

Negative economic trends would also increase the likelihood that major financial institutions or other entities having a significant impact on the financial and credit markets may suffer a bankruptcy or insolvency, as occurred during the recession in the U.S. economy several years ago. In addition, certain industries may feel the impact of such negative economic trends more than others. There is a material possibility that economic activity will be volatile or will slow significantly, and some obligors may be significantly and negatively impacted by these negative economic trends. Although the leveraged finance and collateralized loan obligation markets have made significant recoveries from the adverse impact of the credit crisis, there can be no assurance

that the leveraged finance and the collateralized loan obligation markets will not be adversely impacted by future economic downturns or market volatility.

The Client may also be subject to risk arising from a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution may cause a series of defaults by the other institutions. This is sometimes referred to as “systemic risk” and may adversely affect financial intermediaries with which we interact in the conduct of our business.

Overall uncertainty in the economic environment globally and in the United States may adversely affect the CLO’s business, ability to secure debt financing, results of operations and financial condition, including our revenue growth and profitability. OFS CLO Management II continuously monitors developments and seek to manage our investments in a manner consistent with achieving our investment objective, but there can be no assurance that we will be successful in doing so.

Risk Retention Rules. On February 9, 2018, the United States Court of Appeals for the District of Columbia ruled in favor of an appeal brought by the Loan Syndications and Trading Association (the “LSTA”) and reversed a lower court decision in favor of the Securities and Exchange Commission and the Board of Governors of the Federal Reserve System with instructions to grant summary judgment in favor of the LSTA on the issue of whether the U.S. Risk Retention Rules apply to collateral managers of “open market” CLOs under Section 941 of the Dodd-Frank Act. On April 5, 2018, the D.C. District Court entered an order implementing the Appellate Court ruling of February 9, 2018. As such, CLO managers of “open-market CLOs” (described in the ruling as CLOs where assets are acquired from “arms-length negotiations and trading on an open market”) are no longer required to comply with the U.S. Risk Retention Rules.

There can be no assurance or representation that any of the transactions, structures or arrangements currently under consideration by or currently used by CLO market participants will comply with U.S. Risk Retention Rules to the extent such rules are reinstated or otherwise become applicable to the CLOs. The ultimate impact of the U.S. Risk Retention Rules on the loan securitization market and the leveraged loan market generally remains uncertain, and any negative impact on secondary market liquidity for securities comprising such CLOs may be experienced due to the effects of the U.S. Risk Retention Rules on market expectations or uncertainty, the relative appeal of other investments not impacted by the U.S. Risk Retention Rules and other factors.

Cybersecurity Risk. OFS CLO Management II and its service providers increasingly depend on complex information technology and communications systems to conduct business functions. Despite the efforts of OFS CLO Management II and the efforts of its service providers to adopt technologies, processes and practices intended to mitigate cyber risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Client or its investors, not all cyber risks are preventable and cyber breaches could have an adverse effect on the Client and its investors.

Political Uncertainty Risk. Markets in which the Client invests or is exposed may experience political uncertainty (e.g., Brexit), that create investment risk, such as: greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); greater

social, economic, and political instability (including the risk of war or natural disaster); increased risk of nationalization, greater governmental involvement in the economy; less governmental supervision and regulation of the securities markets and participants in those markets; controls on foreign investment, capital controls and limitations on repatriation of invested capital and on the ability to exchange currencies; inability to purchase and sell investments or otherwise settle security or derivative transactions (i.e., a market freeze); unavailability of currency hedging techniques; slower clearance; and difficulties in obtaining and/or enforcing legal judgments.

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

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

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

Risk Factors for ESG Considerations in the Investment Process. OFS CLO Management II may utilize quantitative and qualitative ESG considerations as a component of the investment process to implement its Client's investment strategies and objectives where deemed appropriate as part of a focus on capital preservation. The incorporation of ESG factors may affect the Client's exposure to certain issuers or industries, which could negatively impact the Client's performance depending on whether such investments are in or out of favor. To the extent that OFS CLO Management II engages with companies on ESG-related practices and potential enhancements thereto, such engagements may not achieve the desired financial results. The Client may underperform compared to other funds that do not assess an issuer's ESG factors as part of the investment process or that use a different methodology to identify or incorporate ESG factors. Investing on the basis of ESG factors is qualitative and subjective by nature, and there is no guarantee that the ESG criteria utilized will reflect the beliefs or values of any particular investor. The ESG characteristics utilized in the investment process may change over time, and different ESG characteristics may be relevant to different investments.

Although OFS CLO Management II has established a process to oversee ESG integration in accordance with its investment objective and strategies, successful integration of ESG factors will depend on OFS CLO Management II's skill in researching, identifying and applying these factors, and there can be no assurance that the strategy or techniques employed will be successful. The method of evaluating ESG factors and subsequent impact on portfolio composition, performance and other factors, is subject to the interpretation of the investment committees. ESG factors may be evaluated differently by different investment committees. Information used to evaluate such factors, including company disclosures, public data sources, third-party ESG ratings and industry standard frameworks (e.g., SASB, TCFD), may not be readily available, complete or accurate, and may vary across providers and issuers as ESG is not a uniformly defined characteristic, which could negatively impact the ability to accurately assess an issuer and the firm's performance.

The regulatory landscape with respect to ESG investing in the United States is evolving and any future rules or regulations may require OFS CLO Management II to change its investment process with respect to ESG integration.

Item 9 Disciplinary Information

To the best of OFS CLO Management II's knowledge, there are no legal or disciplinary events that OFS CLO Management II believes would be material to its Client's or its prospective clients' evaluation of its advisory business or the integrity of its management.

Item 10 Other Financial Industry Activities and Affiliations

As noted in “Item 4 Advisory Business,” OFS CLO Management II is part of a family of investment advisors including OFS CLO Management and OFS Capital Management, that share resources, including investment professionals, and that service OFS Clients with overlapping investment strategies. OFSC, which is also a wholly owned subsidiary of OFSAM, provides, as joint employers with OFS CLO Management II, most of OFS CLO Management II’s investment professionals, and provides OFS CLO Management II back- and middle-office, legal/compliance/risk analysis, credit analysis, execution and documentation, marketing, reporting, and other administrative services. The employees who provide services to multiple different entities face conflicts of interest due to competing priorities and allocation of time and responsibilities.

Also as noted in “Item 4 Advisory Business,” Certain investment professionals that service OFS Capital Management are the same professionals that service OFS CLO Management’s CLOs and OFS CLO Management II’s CLO under the Services Agreements. The investment professionals who service each of the OFS Advisors face conflicts in allocating their time among them. OFS CLO Management II’s professionals, including their investment professionals, will devote as much of their time to OFS CLO Management II as is reasonably required for OFS CLO Management II to fulfill its fiduciary duties to its Client and perform its duties to its Client pursuant to the Governing Documents and in accordance with reasonable commercial standards.

Richard Ressler is a Trustee of The OI3 2019 Trust, which is an indirect principal owner of OFSAM. Mr. Ressler is also a member of the Broadly Syndicated Investment Committee, and he wholly owns and is employed by OCC, a consulting and advisory services firm. In addition, Mr. Ressler is the majority owner of OCV Management, LLC (“**OCVM**”), an exempt reporting adviser which serves as the investment adviser to a venture capital fund focused primarily on control-oriented investments in middling or displaced companies in the technology and life sciences sectors. Richard Ressler is a founder and principal owner of CIM Group, which owns, operates and develops urban real estate and real estate assets and infrastructure assets. CIM Group indirectly wholly owns CIM Capital, its relying advisers, IC Management, SA Management and CCO Capital, LLC (“**CCO Capital**”). CIM Capital provides investment advisory services primarily to investment funds that are exempt from registration under the Investment Company Act and directly to institutional investors, high net worth individuals and family offices. IC Management provides investment advisory services to securities subsidiaries of public REITs and a non-diversified, closed-end management investment company registered under the Investment Company Act. SA Management serves as a sub-adviser to the non-diversified, closed-end management investment company under the Investment Company Act. CCO Capital is a limited purpose broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority, the scope of which is limited to acting as dealer manager and/or placement agent for certain CIM Funds and a BDC advised by OFS Capital Management. OFS CLO Management II’s CCO is solely employed by CIM Capital Securities Management, a relying adviser of CIM Capital, and serves as the CCO to CIM Group, CIM Capital, its relying advisers, IC Management, SA Management, OCVM and OFSC. OFS CLO Management II’s CCO is also a registered representative of CCO Capital, serving in a non-sales, compliance-related capacity. Mr. Ressler is not an employee of OFS Advisors, OCVM, CIM Capital, CCO Capital or OFSC. However, both Mr. Ressler and OFS CLO Management II’s CCO provide services to OFS CLO Management

II and other affiliates that engage in lending, private equity, real estate and capital markets-oriented investment activities. OFS CLO Management II pays OCC and CIM Group for services performed by these persons pursuant to the mutual services agreement. Their multiple roles could create conflicts of interest due to competing priorities and allocation of time and responsibilities.

OFS CLO Management II's investment professionals are not solely dedicated to its current Client. Such investment professionals may, in the future, manage other investment funds, accounts, or other investment vehicles advised by an affiliated adviser with investment objectives similar to or different from those of its current Client, which may compete with its current Client for investments or take opposing investment positions, or serve or may serve as officers, directors, or principals of entities that operate in the same, or a related, line of business as its current Client.

OFS CLO Management II's Financial Interests in other OFS Advisors Clients

OFS CLO Management II's personnel and affiliates hold shares of publicly-traded entities advised by OFS Capital Management and of the CLOs advised by OFS CLO Management. The differences in the financial interests OFS CLO Management II and its personnel or affiliates have in the Client and the OFS Clients of OFS Capital Management and OFS CLO Management may give rise to conflicts of interest when OFS Advisors allocates investment opportunities among its OFS Clients. All OFS Advisors have jointly adopted the Conflicts Procedures described below and the Aggregation and Allocation Policy to address such conflicts. Please see "Item 6 Performance-Based Fees and Side-by-Side Management—Investment Allocation Policy" for a detailed discussion of the Aggregation and Allocation Policy.

Conflicts Procedures

OFS Advisors, including OFS CLO Management II, have jointly adopted various policies and procedures (the "**Conflicts Procedures**"), including the Code of Ethics described in detail in "Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" to address potential conflicts among OFS Advisors and OFS Clients. These policies and procedures, which may be modified from time to time at OFS Advisors' sole discretion, may require prior review or approval of certain transactions by OFS Advisors' CCO or members of senior management. Relevant policies and procedures for addressing conflicts with respect to a particular OFS Client may be described in greater detail in the Governing Documents or offering materials for that OFS Client. With respect to affiliate transactions or other matters giving rise to conflicts of interest, the relevant Governing Documents may provide for, among other things, consultation regarding or approval of such transactions by a person or body such as a trustee, a board of directors, or an advisory committee comprised of certain of the underlying investors in a pooled investment vehicle. The Conflict Procedures, together with the provisions of relevant Governing Documents concerning such potential conflicts, may limit OFS Advisors' ability to buy or sell a security for an OFS Client or otherwise participate in an investment opportunity for an OFS Client, or to take other actions that OFS Advisors might consider in the best interests of an OFS Client and its investors.

For a discussion of additional conflicts of interest and OFS Advisors' procedures for addressing those conflicts, please see "Item 6 Performance-Based Fees and Side-by-Side Management" and the relevant CLO Governing Documents.

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

OFS CLO Management II owes a fiduciary duty to its Client and therefore mandates the highest standards of ethical conduct and care from its officers, directors and employees, including employees of affiliates that provide services to it. Such persons, whom OFS CLO Management II refer to as its “personnel,” must abide by this basic business standard and must not take inappropriate advantage of their position. OFS CLO Management II personnel are under a duty to exercise their authority and responsibility for the benefit of OFS CLO Management II and its Client, and may not have outside interests that inappropriately conflict with the interests of OFS CLO Management II and its Client. OFS CLO Management II’s personnel must avoid circumstances or conduct that adversely affect, or that appear to adversely affect, OFS CLO Management II and its Client.

Code of Ethics

Pursuant to Rule 204A-1 under the Advisers Act, the OFS Advisors, including OFS CLO Management II, have jointly adopted a code of ethics (“**Code of Ethics**”) to establish applicable policies, guidelines, and procedures that promote ethical practices and conduct by all its personnel and that prevent violations of the federal securities laws, including the Advisers Act. OFS CLO Management II’s Code of Ethics is predicated on the principle that OFS CLO Management II owes a fiduciary duty to its Client. It consists of several policies primarily designed to address potential conflicts of interest, including a Personal Investment Policy, an Inside Information Policy, a Gifts and Entertainment Policy, a Political Activities Policy, an Outside Affiliations Policy, an Anti-Corruption Policy, a Computer Acceptable Use Policy and a Personal Use of Firm’s Resources and Relationships Policy.

OFS CLO Management II’s personnel must observe the applicable standards of care set forth in the Code of Ethics and may not seek to evade the policies and procedures set forth therein in any way, including through indirect acts by family members or other associates. All OFS Advisors, including OFS CLO Management II, also maintain various joint compliance policies to assure compliance with other relevant provisions of the Advisers Act. The obligations set forth in the Code of Ethics are in addition to, and not in lieu of, the policies and procedures set forth in the other compliance policies, OFSC’s Employee Handbook, or any other policies and procedures OFS Advisors adopts in respect of the conduct of its business. OFS CLO Management II’s personnel must certify at least annually that they have read, understand, are subject to, and have complied with the Code of Ethics. Such personnel also acknowledge receipt and understanding of OFS CLO Management II’s Compliance Manual. OFS CLO Management II’s personnel must comply with applicable federal securities laws and must report violations of the Code of Ethics to OFS CLO Management II’s CCO.

OFS CLO Management II will provide a copy of the Code of Ethics, free of charge, to its Client or investor or any prospective client or prospective investor upon request. The Code of Ethics may be requested by contacting OFS CLO Management II at 847-734-2000 or compliance@ofsmanagement.com.

Participation or Interest in Client Transactions

Conflicts of interest may occur when OFS CLO Management II or its personnel invest in its Client or OFS Clients or invest in the same investments, trade in the same investments at or about the same time, or have a material financial interest in the same investments that OFS CLO Management II or affiliates recommend to OFS Clients. The interest of OFS CLO Management II or its personnel in an OFS Client may create an incentive to take actions that are not in the best interests of the Client or other investors in the Client.

OFS CLO Management II's Code of Ethics and the policies and procedures set forth therein have been designed to limit conflicts of interest in cases where OFS CLO Management II or any of its personnel, buy, sell, or otherwise have a direct or indirect interest in the Client or investments that OFS CLO Management II has recommended to its Client.

Cross Trades

Cross-trades are transactions between two clients of the same investment adviser or affiliated investment advisers, regardless of whether a broker-dealer is engaged to effect the transaction. OFS Advisors may utilize cross-trades to address account funding issues or for other bona fide portfolio management reasons. Under OFS Advisors' policies and procedures, any proposed cross-trade must be advantageous to each of the OFS Clients involved in the transaction. The investment committee must seek the approval of OFS Advisors' CCO in advance of the trade and must provide information such as the size of the trade, confirmation that the positions are freely tradable, documentation regarding the price of the transaction, and an assertion that the transaction is advantageous to each OFS Client involved.

Principal Transactions

In a principal transaction, an adviser, acting for its own account, buys an investment from, or sells an investment to, a client. In addition, a transaction between the Client and an entity in which OFS CLO Management II or its affiliates, collectively, own more than 25% of the equity ownership may be considered a principal transaction. Section 206(3) of the Advisers Act requires an investment adviser to provide written disclosure to a client and obtain the client's consent prior to settlement of any principal transaction. Prior to execution of a principal transaction, the investment committee member recommending the trade must prepare a brief memorandum setting forth the reasons that the transaction is in the best interests of the OFS Client involved, explaining how the transaction will be priced and demonstrating compliance with the relevant provisions of the Advisers Act relating to such type of transaction, including the client consent requirement of Section 206(3). The approval of the board of directors, managers, or another review board or entity may constitute OFS Client consent consistent with the OFS Client's Governing Documents. Any permissible principal trade must also be pre-approved by OFS CLO Management II's CCO.

Personal Trading Policy

As discussed above, OFS CLO Management II's personnel must abide by the Code of Ethics. As a general matter, OFS CLO Management II's personnel owe an undivided duty of loyalty to its Client. OFS CLO Management II's personnel may not use their knowledge concerning a trade,

pending trade, or contemplated investment by its Client, to profit personally from such transaction, including by purchasing or selling such investments.

As required by Rule 204A-1 under the Advisers Act, OFS Advisors' jointly adopted Code of Ethics contains a Personal Investment Policy which mandates that OFS CLO Management II's personnel disclose their personal securities holdings and transactions made in a "Reportable Security," as defined in the Code of Ethics. Further, OFS CLO Management II's personnel are generally prohibited from purchasing or selling, for any personal accounts, securities or other obligations of companies or issuers that, at that time, are listed on OFS CLO Management II's "Restricted List" which contains names of companies or other issuers: (i) about which OFS CLO Management II or its affiliates may possess material non-public information; (ii) to which OFS CLO Management II or its affiliates may owe a fiduciary obligation; or (iii) in which OFS CLO Management II's or its affiliates' Affiliate Clients own or intend to purchase an interest. Additionally, OFS CLO Management II's personnel may not invest in an initial public offering, OFS Advisors affiliated securities or a private placement without the prior written approval of OFS CLO Management II's CCO. Lastly, OFS CLO Management II's personnel cannot engage in short sales in names of companies listed on the "Client Securities List."

In addition, the OFS Advisors' jointly adopted Code of Ethics contains policies and procedures to prevent the misuse of material non-public information by OFS CLO Management II's personnel, including the misuse of material non-public information about OFS CLO Management II's investment recommendations and OFS Client investments and transactions. OFS Advisors' Code of Ethics describes what constitutes "material" and "non-public" information, and outlines the penalties that OFS CLO Management II's personnel are subject to if they trade on such information.

OFS CLO Management II's personnel may not engage in "front running." Front running is an illegal practice in which an investment professional takes a position in an investment in advance of an action he or she knows will predictably affect the price of the investment. While OFS Advisors' personnel are not restricted from trading in the securities of an issuer that may also be held by OFS Advisors' Clients, OFS Advisors have implemented controls to monitor employees' personal trades in such securities issued for front-running purposes.

The Restricted List and the prohibition on front running are intended to prevent OFS CLO Management II and its personnel from buying or selling investments contemporaneously with OFS Clients and Affiliate Clients in a manner where OFS Advisors or its personnel might benefit, or OFS Clients or Affiliate Clients might be harmed.

Item 12 Brokerage Practices

OFS CLO Management II typically has discretionary authority to buy and sell investments for its Client and to determine the amount of such investments to be bought or sold, consistent with the Client's investment objectives and the restrictions set forth in the CLO Management Agreement and the Client's Governing Documents. In addition, OFS CLO Management II has the authority to determine, without Client consultation or consent, the broker-dealers through which investments are bought and sold and the commission rates or dealer spreads at which transactions are effected. Because the Client is likely to acquire and dispose of the majority of its investments in privately negotiated transactions, many of the transactions in which they engage do not require the use of brokers or the payment of brokerage commissions.

Selection of Broker-Dealers and Reasonableness of Compensation

A material portion of the Client's investments will be in illiquid debt issued by private companies for which there are a limited universe of trading counterparties, and, therefore, OFS CLO Management II frequently transacts directly with the company, an existing investor, or an agent bank without the use of a broker-dealer. OFS CLO Management II may, nevertheless, effect certain investments through agents and broker-dealers from time to time and has, along with OFS Capital Management and OFS CLO Management, adopted a best execution policy and corresponding procedures in respect of OFS CLO Management II's duty to obtain "best execution" for the Client's investment transactions.

OFS Advisors' objective in selecting broker-dealers and executing transactions is to seek to obtain the best combination of price and execution. OFS Advisors consider the full range and quality of a broker-dealer's service in selecting broker-dealers to meet best execution obligations. The determinative factor is whether the transaction represents the best overall qualitative execution for the Client. As a primary consideration, OFS CLO Management II considers the trade price and any imputed mark-up/mark-down. These things being equal or fairly equal among broker-dealers, the following qualitative factors, among others, may be considered:

- (i) liquidity of the securities traded and current market conditions;
- (ii) ability to maintain the confidentiality of trading intentions;
- (iii) ability to place trades in difficult market environments;
- (iv) quality and value of the research services provided;
- (v) execution facilitation services provided;
- (vi) timeliness of execution and trade confirmations;
- (vii) allocation of limited investment opportunities;
- (viii) custody services provided;
- (ix) frequency and correction of trading errors and fairness in resolving disputes;

- (x) ability to access a variety of market venues;
- (xi) expertise as it relates to specific investments;
- (xii) intermediary compensation (dealer spreads);
- (xiii) financial condition and business reputation;
- (xiv) gross compensation paid to each broker-dealer;
- (xv) order flow sent to the broker-dealers; and
- (xvi) willingness to commit capital.

As discussed above, privately-placed investments may be purchased directly from the issuer or its placement agent on terms OFS CLO Management II negotiates. Terms subject to such negotiation may include, but are not limited to, the frequency and amount of dividends and other distributions; debt limitations; permitted investments, sales of assets, consolidations and mergers; transactions with affiliates; subordination provisions; representations and warranties; rights of inspection; and events of default. OFS CLO Management II's ability to negotiate terms as part of a private placement may depend upon the amount of an offering to be bought or sold.

“Soft-Dollar” Arrangements

Currently, OFS CLO Management II does not have any formal “soft-dollar” arrangements, under which OFS CLO Management II would direct portfolio brokerage commissions to a specific broker-dealer in return for brokerage or research services. Although OFS CLO Management II may receive research from broker-dealers and counterparties with whom OFS CLO Management II transacts, such research is typically free of charge to all market participants.

When OFS CLO Management II receives research or related products or services from broker-dealers, it could potentially cause a conflict of interest as OFS CLO Management II has incentive to select broker-dealers based on OFS CLO Management II's interest in receiving these services, rather than receiving the most favorable execution for Client trades. However, OFS CLO Management II generally does not consider access to research or brokerage services when considering broker-dealers with which to place trades. In addition, the types of investments OFS CLO Management II makes for its Client do not typically generate commissions. Nevertheless, when receiving research or brokerage services from broker-dealers with whom OFS CLO Management II deals, OFS CLO Management II receives a benefit because it does not have to produce or pay for such services itself.

OFS CLO Management II may acquire the following types of research and related products or services from broker-dealers with whom OFS CLO Management II does business: written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, as well as discussions with research personnel; financial and industry publications; and statistical and pricing services. These products and services are not provided in exchange for execution or trade fees.

Brokerage for Client Referrals

In selecting or recommending broker-dealers, OFS CLO Management II will not consider whether OFS Advisors receive OFS Client or investor referrals from a broker-dealer or other third party.

Directed Brokerage

OFS CLO Management II does not engage in any directed brokerage arrangements at this time.

Trade Aggregation and Allocation

Please refer to “Item 6-Performance-Based Fees and Side-By-Side Management–Investment Allocation Policy” for information on OFS CLO Management II’s practices related to aggregation of purchase or sales of investments for its Client.

Item 13 Review of Accounts

OFS CLO Management II has adopted a Portfolio Management Review Policy and corresponding procedures (the “**Portfolio Management Review Policies**”), which governs how OFS CLO Management II considers, approves, documents, and monitors its Client’s investments. To ensure effective supervision and management oversight of its investment activities, OFS CLO Management II will continuously monitor the composition and quality of its Client’s investment portfolios as appropriate, as well as compliance with the Client’s Governing Documents. Among other things, OFS CLO Management II may review a variety of portfolio reports, which may include weekly balance reports, portfolio summaries and other periodic reports containing detailed information regarding the portfolio and investments under consideration.

In accordance with OFS CLO Management II’s Portfolio Management Review Policies, the Broadly Syndicated Investment Committee is primarily responsible for ensuring that the investments held by the Client are consistent with the Client’s investment objectives and investment guidelines and restrictions. The Broadly Syndicated Investment Committee is comprised of members designated from time to time by OFS CLO Management II’s senior management. This investment committee, in consultation with OFS CLO Management II’s CCO, periodically reviews the Client’s portfolios, performance, and prospects to identify irregularities or inappropriate positions.

Contents and Frequency of Account Reports to Clients

Holders of the CLO Notes receive monthly written reports regarding composition of the portfolio and investment performance from the indenture trustee.

Item 14 Client Referrals and Other Compensation

Economic Benefits for Providing Services to Clients

OFS CLO Management II does not receive an economic benefit from third parties for providing investment advice or other advisory services to its Client.

Placement Agents

OFS CLO Management II may enter into placement agent arrangements from time to time pursuant to which OFS CLO Management II compensates third parties for pooled investment vehicle interests with investors. OFS CLO Management II may make cash payments to such placement agents, for which the Client will reimburse OFS CLO Management II, or the Client may make such payments directly.

OFS CLO Management II will only compensate, directly or indirectly, a placement agent when doing so in compliance with Rule 206(4)-1 (“**Marketing Rule**”). The Marketing Rule requires, with some exceptions, placement agent activities to be subject to a written agreement, disclosures to be provided to the investor that explains the compensation and related conflicts of interest and prohibits placement agents with certain disciplinary history from being compensated for referring investors to OFS CLO Management II. OFS CLO Management II’s CCO, or her or his designee, oversees these placement agent arrangements, and OFS CLO Management II maintains policies and procedures, to reasonably ensure referrals in exchange for direct or indirect compensation are carried out in compliance with the Marketing Rule. OFS CLO Management II expects to only engage registered broker-dealers or banks to act as placement agents.

OFS CLO Management II does not make any indirect payments to marketing intermediaries such as pension consultants for the referral of investors in its Client and will comply in all respects with applicable “pay to play” legislation and rule-making. Such payments could include, but are not limited to, direct payments for products/services offered by consultants and utilizing a consultant’s affiliated broker-dealer for securities transactions.

Placement agents that solicit or refer potential investors to OFS CLO Management II or its Client experience a conflict of interest because they will be compensated in connection with their placement activities.

Item 15 Custody

Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”) (and certain related rules and regulations under the Advisers Act) imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful).

Investment advisers are required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which they have custody with a “qualified custodian.” Qualified custodians include banks, broker-dealers, futures commission merchants and certain foreign financial institutions.

Rule 206(4)-2 generally imposes on advisers with custody of client funds or securities certain requirements concerning reports to such clients (including underlying investors in certain circumstances) and surprise examinations relating to such clients’ funds or securities. However, an adviser need not comply with such requirements with respect to a pooled investment vehicle if the pooled investment vehicle: (i) is audited at least annually by an independent public accountant registered with and subject to regular inspection by the Public Company Accounting Oversight Board, and (ii) distributes its audited financial statements, prepared in accordance with Generally Accepted Accounting Principles, to the limited partners, members, or other beneficial owners, within 120 days (or 180 days in the case of a fund of funds adviser) of its fiscal year end.

Where OFS CLO Management II serves as a Collateral Manager to the CLO, it is not deemed to have custody of the funds and securities of the CLO, as OFS CLO Management II is not authorized to take any action through any power of attorney granted with the CLO governing documents that would cause OFS CLO Management II to have custody of the CLO’s funds or securities within the meaning of Custody Rule. In addition, OFS CLO Management II will not have authority to cause a disbursement by the CLO except in connection with the acquisition, sale or disposal of permitted investments of the CLO or otherwise upon the approval of the CLO’s Board of Directors.

OFS CLO Management II is not deemed to have custody of the funds or securities of the CLOs and therefore is not subject to the requirements of Rule 206(4)-2 of the Advisers Act (the Custody Rule).

Item 16 Investment Discretion

At the outset of its advisory relationship, OFS CLO Management II received discretionary authority from its Client to select the investments to be purchased and sold by the Client subject to the terms of the Governing Documents. The Governing Documents place significant restrictions on OFS CLO Management II's ability to buy or sell investments. For example, proper investments for the CLO must meet, among other requirements, certain credit rating and other risk criteria, and reinvestment may only occur during prescribed time periods.

The Client must provide OFS CLO Management II with investment guidelines and restrictions in writing. Additionally, OFS CLO Management II required its Client to execute a power of attorney in OFS CLO Management's favor.

For a complete discussion of OFS CLO Management II's advisory business and the services OFS CLO Management II provides to its Client, please see "Item 4 Advisory Business."

Item 17 Voting Client Securities

Although the investments in OFS CLO Management II's Client's portfolio do not typically involve proxy voting, OFS CLO Management II expects to accept, and in the future will accept, discretionary authority to vote Client proxy ballots OFS CLO Management II may receive. As such, OFS CLO Management II, together with OFS CLO Management and OFS Capital Management, have jointly adopted a Proxy Voting Policy (the "**Proxy Voting Policy**") and corresponding procedures to comply with Rule 206(4)-6 under the Advisers Act and with OFS CLO Management II's fiduciary obligations. The Proxy Voting Policy will apply to voting securities held by the Client and has been designed to ensure that OFS CLO Management II votes proxies in the best interest of its Client.

When voting economic proxies, OFS CLO Management II's primary objective will be to make decisions in the best interest of its Client. In fulfilling its obligations to its Client, OFS CLO Management II is expected to act in a prudent and diligent manner to enhance the economic value of the underlying investments held by its Client. In acting upon these matters on behalf of its Client, OFS CLO Management II will seek to avoid material conflicts of interest between its interests and the interests of its Client.

An officer or employee designated by OFS CLO Management II will be responsible for making proxy voting decisions for its Client. In addition, OFS CLO Management II's Proxy Voting Policy permits a director level employee to cast votes on requests for certain types of waivers and amendments related to loan documents. When voting proxies, some, but not all, of OFS CLO Management II's considerations include:

- the view and opinion of the portfolio company's management and the effect of management's position on the value of the Client's investment;
- with regard to corporate governance matters, the purpose underlying the Client's investment position, including the investment horizon and the current or planned ownership position and degree of OFS CLO Management II's involvement, on behalf of the Client, in management;
- with regard to proposals related to stock option plans and other management compensation issues, the portfolio company's need to recruit and retain highly qualified individuals in competitive labor markets and the relevant industry standards and practices;
- with regard to proposals related to social and corporate responsibility, OFS CLO Management II will generally defer to company management, but will not support any proposals that may conflict with the portfolio company's ability to maximize long-term profits or may have an adverse effect on the Client's investment;
- for proposals related to ESG considerations, OFS CLO Management II will consider whether such proposals are consistent with the Client's investment objective.

The CLO cannot direct how OFS CLO Management II votes on a particular solicitation or request.

When OFS CLO Management II determines how to vote proxies certain conflicts of interest may arise. For example, portfolio companies in which different OFS Clients are invested may be competing for or involved in similar transactions, investments, lines of business, or types of research. Voting a proxy for one OFS Client's portfolio company may adversely affect the prospects or business of another OFS Client's portfolio company. The Client has co-invested with other OFS Clients and will continue such co-investment, unless doing so is impermissible based on existing regulatory guidance, applicable regulations, or OFS Advisors Aggregation and Allocation Policy. Because OFS CLO Management II is expected to advise multiple CLO clients in the future, a proxy vote in any instance may benefit one CLO Client and adversely affect another CLO Client. In acting upon these matters on behalf of its clients, OFS CLO Management II will seek to avoid or mitigate material conflicts between and among it and its CLO Clients.

OFS CLO Management II will maintain proper records in connection with OFS CLO Management II's Proxy Voting Policy and as required under the Advisers Act. The Client can obtain a copy of OFS CLO Management II's Proxy Voting Policy, voting procedures and information about how OFS CLO Management has voted proxies, by contacting OFS CLO Management II at 847-734-2000 or compliance@ofsmanagement.com.

Item 18 Financial Information

Balance Sheet

OFS CLO Management II does not require or solicit any prepayment of fees six months or more in advance and, therefore, is not required to provide a balance sheet for its most recent fiscal year.

Contractual Commitments to its Client

OFS CLO Management II has no financial condition that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to its Client.

Bankruptcy Petitions

OFS CLO Management II has never been the subject of a bankruptcy petition.