

**Item 1 – Cover Page**

**PART 2A OF FORM ADV: FIRM BROCHURE**

Pretium Credit Management, LLC

March 2023

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*This brochure (the “Brochure”) provides information about the qualifications and business practices of Pretium Credit Management, LLC (the “Investment Adviser” or “PCM”). If you have any questions about the contents of this Brochure, please contact Cheryl Zabala at (212) 257-5757 or [compliance@pretium.com](mailto:compliance@pretium.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.*

*The Investment Adviser is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.*

*Additional information about Pretium Credit Management, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## **Item 2 – Material Changes**

This Brochure does not contain any material changes in the qualifications or business practices of Pretium Credit Management, LLC when compared to the Investment Adviser's previous filing in March 2022.

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## Item 4 – Advisory Business

Pretium Partners, LLC (“Pretium” or the “Firm”), founded in 2012, is an investment adviser focused on real estate, mortgage finance and corporate and structured credit. Pretium conducts its corporate and structured credit advisory business through Pretium Credit Management, LLC (“PCM” or the “Investment Adviser”), a Delaware limited liability company that is primarily owned by Donald R. Mullen, Jr. and is an indirect subsidiary of Pretium.

### **Advisory Services:**

The Investment Adviser serves as the management company to multiple funds that are offered on a private placement basis (the “Funds”). The Investment Adviser has discretionary authority over the Funds. The Funds include several fund structures pursuing different investment strategies as further described in Item 8 below and where appropriate, references herein to the Funds include its feeder funds and entities through which the Funds invest.

PCM also manages cash-flow collateralized loan obligations (collectively, the “CLOs”) that are backed by broadly-syndicated leveraged loans. Pretium Credit CLO Management, LLC, which is 100% owned by PCM, is the investment adviser to the CLOs and is not separately registered as an investment adviser with the SEC. Instead, Pretium Credit CLO Management, LLC relies on the Investment Adviser’s registration with the SEC and conducts itself as though it were also registered with the SEC.

Furthermore, PCM serves as a sub-advisor to the Ziegler Floating Rate Fund (the “Mutual Fund,” and together with the Funds and CLOs, collectively, the “Clients”), a mutual fund registered under the Investment Company Act of 1940 (see [www.zcmfunds.com](http://www.zcmfunds.com) for additional information about the Mutual Fund). PCM’s strategy for the Mutual Fund is focused on leveraged bank loan investing.

The Funds and CLOs are not registered or required to be registered under the U.S. Investment Company Act of 1940 (the “Investment Company Act”), as amended, or the U.S. Securities Act of 1933, as amended (the “Securities Act”), and was privately placed to qualified investors in the United States and elsewhere in accordance with applicable laws. Specifically, the Funds rely upon the exclusion from the definition of investment company provided by Sections 3(c)(1) and 3(c)(7) of the Investment Company Act. Likewise, securities issued by the Funds generally rely on the offering exemptions provided by Section 4(a)(2) of the Securities Act and Regulation D thereunder.

PCM advises the Funds and CLOs in an attempt to achieve their respective investment objectives (consistent with any relevant guidelines or restrictions) and does not tailor its advice to the individual needs of any investor in the Funds and CLOs. Fund and CLO investors generally cannot impose any restrictions on the way in which the Investment Adviser provides advice to the Fund or CLO.

PCM’s management of the Clients is subject to the terms the relevant offering memorandum, limited partnership agreement, investment management agreement and subscription agreement, as applicable and as each can be amended, supplemented, or modified from time to time

(collectively, the “Governing Documents”). The Investment Adviser generally expects to enter into agreements (“Side Letters”) with one or more of their investors whereby, in consideration for agreeing to invest certain amounts in a Client and/or providing other consideration, such investors may be granted favorable rights not afforded other investors in such Client. Such rights typically include one or more of the following: rights to receive reports from the Client on a more frequent basis or that include information not typically provided to other investors; rights to receive reduced rates of performance fees/allocations and/or management fees earned by PCM, each Client’s general partner and/or other affiliates; excuse rights; information rights; co-investment rights; rights to transfer interests in a Fund; and such other rights as may be negotiated between the Client, PCM and such investors. Side Letters may be entered into by the Client and PCM without the consent of other investors in such Client. Additionally, except as may be required by “most-favored-nations” clauses or under the relevant Governing Documents, Side Letters will not be disclosed to other investors in such Client.

Investors and other recipients should be aware that while this Brochure includes information about the Clients, it is not a complete description of the terms, risks or conflicts associated with an investment in the Clients. More complete information about the Clients are included in the relevant Governing Documents or in the case of the Mutual Fund, in its prospectus, which should be carefully reviewed prior to making an investment decision. In no event should this Brochure be considered an offer to sell or a solicitation of an offer to buy interests in the Clients or relied upon in determining to invest in the Clients. This Brochure is designed solely to provide information about PCM for purposes of complying with certain obligations under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and as such, responds to relevant regulatory requirements under the Advisers Act that can differ from the information required to be provided in the Clients’ respective offering memoranda and Governing Documents. In the event of any inconsistency between the Governing Documents and this Brochure, the Governing Documents shall control.

As of December 31, 2022, PCM managed approximately \$3,395,757,347 of regulatory assets under management.

## Item 5 – Fees and Compensation

### Advisory Fees and Compensation

The fees and expenses applicable to each Client are set forth in detail in each Client's Governing Documents. In master-feeder structures, the master fund has been named below. Furthermore, the Investment Adviser can, in its sole discretion, reduce, waive or calculate differently the management and/or the performance fee with respect to certain investors, including, without limitation, shareholders that are members, partners, affiliates or employees of the Investment Adviser, or members of the immediate families of such persons and trusts or other entities for their benefit.

### Valcour Credit Income Partners Master Fund Ltd. ("VCIP")

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

In addition to management fees, PCM is entitled to a performance fee equal to 20% of the increase in the net asset value of VCIP shares during each calendar year. A high-water mark is employed so that no performance fee is charged with respect to any share until any decline in the net asset value of such share in any prior year is offset by subsequent increases in the net asset value of such share. Because VCIP's assets are recorded in VCIP's financials accounts at their fair value, the performance fee reflects any net changes in the unrealized appreciation or depreciation in the value of VCIP's portfolio as of the close of each year as well as gains and losses realized during the year and net investment income or loss. An additional computation of the performance fee is made as of each date prior to the close of a calendar year when any shares are redeemed (as if such redemption date were the close of a calendar year). The amount of any performance fee attributable to the shares being redeemed is earned and payable to the Investment Adviser.

### Pretium Structured Credit Opportunities Master Fund, L.P. ("PSCOF") and Pretium Structured Credit Opportunities Master Fund II, L.P. ("PSCOF II")

Pursuant to the investment management agreement, PCM charges PSCOF and PSCOF II a fixed management fee payable monthly (prorated for partial months). The management fee is equal to 0.125% (1.5% annualized) of the month-end drawn capital.

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

### Pretium Alternative Loan Funding Ltd. ("PALF")

PCM charges management fees calculated based on the applicable asset amount as of the first day of the related due period. The applicable asset amount is equal to the aggregate principal balance of all collateral obligations plus cash representing principal proceeds and the total of these fees

generally does not exceed 50 basis points per annum.

PCM or its affiliates receive a carried interest up to 15% after a preferred return.

*Pretium Ultra Master Fund, Ltd*

*Pretium Special Situations Opportunities Master Fund, L.P.*

*Pretium Advisors Master Fund, L.P.*

Pursuant to the investment management agreements, PCM charges the funds: (1) a management fee that ranges from 1.0% to 2.0% (annualized) that is calculated and payable quarterly in advance based on either account balance or drawn capital, depending on the fund. Management fees exclude, in each case, the accrual of any performance allocation to PCM or its affiliates. In addition to the management fee, PCM or its affiliates receives a performance allocation that is calculated and payable annually that ranges from 15% to 20% (annualized) for all of the above fund structures except (i) Pretium Special Situations Opportunity Master Fund, L.P. and its feeder funds, Pretium Special Situations Opportunity Offshore Fund, L.P., and Pretium Special Situations Opportunities Fund, L.P., for which PCM or its affiliates receives a carried interest that ranges from 17.5%-20% after a preferred return.

*Pretium Legal Opportunities Master Fund, L.P.*

PCM charges a management fee of 2% on capital commitments through the investment period and 2% on investment capital post investment period.

In addition to management fees, PCM is entitled to a performance fee equal to 20% of the realized return to investors after such investors have received an 8% preferred return.

*CLO Fees*

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

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

*Mutual Fund Fees*

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

### Additional Fees and Expenses

The Clients (and therefore the investors in the Clients) will bear and be charged with all costs and expenses relating to the activities and operations of the Clients including, but not limited to:

- (a) investment expenses, *i.e.*, expenses that, in the Investment Adviser's discretion, are related to the investment of the Clients' assets, whether or not such investments are consummated, *e.g.*, costs, fees and other out-of-pocket expenses directly related to:
  - the investigation and diligence of investment opportunities and research-related expenses, including, without limitation, equipment and services and investment related computer hardware and software expenses (including proprietary software), market data services, fees to third-party providers of research and/or portfolio risk management services and software and
  - the sourcing, negotiation, structuring, acquisition, closing, ownership, monitoring, financing, hedging or sale of its investments and other transaction costs, including travel expenses for diligencing investments, costs and expenses of accommodations, cellular phone expenses, meals and aircraft travel (including first or business class commercial airfare), and expenses of private air travel when deemed appropriate by the Client's general partner in its reasonable discretion (subject to Pretium's Travel & Expenses Policy), investment expenses such as commissions, interest on margin accounts and other indebtedness, custodial fees, rating agency expenses, broker expenses, asset pricing and asset rating service expenses, custodial fees, interest expenses, hedging fees, and valuation and appraisal fees;
- (b) organizational expenses, including expenses relating to the offer and sale of interests of the Clients;
- (c) costs and expenses of any lenders, investment banks and other financing sources;
- (d) fees and expenses of the limited partnership advisory committee, including expenses related to meetings thereof;
- (e) certain compliance and reporting expenses, legal expenses, licensing, administrator, custodian and depository fees;
- (f) accounting, audit, tax preparation and other tax-related expenses (including preparation costs of financial statements, tax returns, reports to the Partners and Schedules K- 1);
- (g) certain taxes and government registration fees;
- (h) expenses associated with withdrawals, redemptions, admissions, marketing, issuances and transfers of limited partnership interests;
- (i) insurance costs, including directors' and officers' liability insurance



- (j) expenses, charges and/or related costs incurred in connection with the provision of in-house administrative, accounting, legal, compliance or tax services to the Clients and/or its investments via Pretium Enterprise Services, LLC or Pretium Advisory Services, LLC, each an affiliate of the Clients (further described in Item 11 herein), including, without limitation, compensation and other overhead allocable to such services (such allocation being made based on a variety of factors which can change over time and methods that the general partner believes are fair and reasonable; provided, that the general partner determines in good faith that any such expenses, charges or related costs are not greater than what would be paid to an unaffiliated third party for substantially similar services);
- (k) any other extraordinary expenses (including indemnification costs and expenses, the costs and expenses of any litigation involving the Clients and the amount of any judgments or settlements paid in connection therewith);
- (l) and any placement fees payable to a placement agent in respect of the subscription by limited partners if provided for in the Governing Documents; and

If any of the above expenses or other expenses are incurred jointly for the benefit of more than one of the Investment Adviser's affiliates, such expenses will be allocated among the Clients and the affiliates in proportion to the size of the investment made by each vehicle in the activity or entity to which the expense relates, or in such other manner as the general partner and/or the Investment Adviser considers fair and reasonable. To the extent that expenses to be borne by the Clients are paid by the general partner, the Investment Adviser or an affiliate thereof (in excess of its ratable share), the Clients will reimburse the general partner, the Investment Adviser or such affiliate for such expenses.

The Investment Adviser and its affiliates will, from time to time, earn additional fees and other income from services provided or related to a Client's portfolio investments. As provided for in a Client's Governing Documents, the share of any such fees attributable to a Client's portfolio investments (and further attributable to the underlying investors), net of any related expenses, will reduce the future management fees of the underlying investors.

## **Item 6 – Performance Based Fees and Side-By-Side Management**

As noted in Item 5, PCM or an affiliate of PCM will be entitled to a performance-based profits allocation. Affiliates of PCM also can be entitled to performance-based compensation in connection with other funds or managed account clients that can compete with the PCM Clients for investment opportunities. In the allocation of investment opportunities, performance-based compensation arrangements can create an incentive to favor accounts from which affiliates of the Investment Adviser can receive greater performance-based compensation over accounts from which affiliates of the Investment Adviser can receive less performance-based compensation. In addition, there is the incentive to invest more aggressively for some funds and accounts more than others or to invest in riskier assets on behalf of one fund or account as compared to another in an effort to maximize the profits for those funds or accounts in which the Investment Adviser or its affiliates would share through an incentive allocation.

Furthermore, PCM is permitted to enter into strategic accounts directly or indirectly with investors that commit significant capital into a particular Client. Such arrangements often include PCM granting certain preferential terms to these investors, including a waiver or reduction of management fees or performance fees or carried interest that are lower than those applicable to Clients in which such investors invest. Where any such strategic accounts invest in a Client, such indirect preferential terms (or other preferential terms set forth in the Governing Documents) are generally not subject to the Client's "most favored nation" provisions.

PCM believes that it has reasonable controls in place to mitigate such potential conflicts of interest and ensure that the Investment Adviser acts consistent with its fiduciary duty and its Client's investment mandates. Specifically, PCM has an allocation policy pursuant to which it endeavors to allocate investments among its Clients in a fair and equitable manner over time. The Accounts are generally subject to investment guidelines set forth in their respective Governing Documents. To the extent the Clients have overlapping investment strategies, the Investment Adviser and/or its affiliates maintains, subject to the Clients' Governing Documents, discretion in making allocation decisions among the Clients. In making such allocations, the Investment Adviser considers such factors that it determines in its sole discretion to be relevant, which includes, without limitation, a Client's investment program such as particular investment restrictions or policies applicable only to certain accounts, yield targets, concentration limits, account sizes, a Client's available capital to deploy and regulatory and tax considerations. Legal and regulatory exclusions may impact allocations. For example, PCM may determine that certain Clients or investors in such Clients, should be excluded from an allocation due to specific legal, regulatory and contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

In making its allocations of investment opportunities among the Clients, PCM seeks not to favor or disfavor any Client or class of Clients in relation to any other Clients. The application of the considerations and factors set forth above may result in allocation on a non-pro rata basis and there can be no assurance that a Client will participate in all investment opportunities that fall within its investment objectives. The Investment Adviser makes allocation determinations based solely on the Investment Adviser's expectations, however investments and their characteristics may change and there can be no assurance that an investment may prove to have been more suitable for another Client in hindsight.

The Investment Adviser and/or the general partner values the assets held by the Clients and will be responsible for the determination of asset valuations for all purposes, including the determination of the Management Fee and the Incentive Allocation. The Funds have contracted with a third-party administrator to provide certain services, including independent price verification of the investments held in calculating the Funds' net asset value and capital account maintenance and the independent verification of the calculation of Management Fees and Incentive Allocations. In addition, the Investment Adviser and/or the general partner has engaged independent valuation agents to conduct periodic valuations. Finally, the Funds are independently audited and the auditor performs valuation testing on certain Fund assets in connection with issuing the relevant audit opinion.

## **Item 7 – Types of Clients**

PCM provides investment management services on a discretionary basis to pooled investment vehicles, the CLOs and the Mutual Fund. The underlying investors in these Clients are typically institutional and high net worth investors.

Investors in the Funds must be “accredited investors” as determined under Regulation D under the Securities Act of 1933, as amended, “qualified clients” as defined for purposes of Rule 205-3 under the Advisers Act, and “qualified purchasers” or “knowledgeable employees” as defined and interpreted for purposes of Section 3(c)(7) of the Investment Company Act. The Funds have minimum capital commitments for investing, which minimum can be waived by the Fund’s General Partner.

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

*The descriptions set forth in this Brochure of specific advisory services that the Investment Adviser offers to the Funds and CLOs, and investment strategies pursued and investments made by the Investment Adviser on behalf of the Funds and CLOs, should not be understood to limit in any way the Investment Adviser's investment activities. The Investment Adviser can offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Investment Adviser considers appropriate, subject to the Funds' and CLOs' respective investment objectives and guidelines. The investment strategies that the Investment Adviser pursues are speculative and entail substantial risks. Investors in the Funds and CLOs should be prepared to bear a substantial loss of any invested capital. There can be no assurance that the investment objectives of the Funds and CLOs will be achieved.*

### **Investment Strategies**

#### *Corporate Credit and Structured Finance*

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

PCM identifies and selects investment opportunities using a disciplined assessment of the fundamental value underpinning each investment, resulting in differentiated, defensive portfolios with attractive and stable performance. PCM performs a detailed fundamental analysis of loan and securities offerings and the market overall. Loan analysis consists of a detailed analysis of the borrower's creditworthiness. Borrower analysis includes an assessment of the company's industry position, management team, cash flow, balance sheet, capital structure, and historical results. In addition, PCM conducts relative value analysis, assesses the transaction's financing and covenant package, and the anticipated pricing and liquidity of the investment.

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

#### *Legal Opportunities*

The Legal Opportunities investment team seeks large meritorious corporate disputes and targets non-binary cases with a medium-term resolution time frame (~20-30 months) across patent infringement commercial/contract litigation, regulatory and distressed opportunities. The investment team conducts a legal review and validation of evidence and dispute fundamentals, performs an analysis of the dispute, including the costs to prosecute and identifies potential recoveries and monitors for reputational, conflicts and other qualitative concerns. The funding agreements and related documentation is developed internally and the investment team may be

advised by third party experts. The investment team continuously monitors and maintains constant involvement through the life of the dispute.

### **Research**

The main sources of research information used by PCM include financial newspapers and magazines, inspections of corporate activity, research materials prepared by others, corporate rating services, annual reports, prospectuses and filings with the United States Securities and Exchange Commission, and company press releases. PCM also employs various quantitative tools such as Intex, Bloomberg, and Pretium Lattice, LLC and other proprietary models to conduct its analysis.

### **Material, Significant or Unusual Risks Relating to Investment Strategies**

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Clients. These risk factors include only those risks the Investment Adviser believes to be material, significant or unusual and relate to a particular significant investment strategy or method of analysis. Prospective investors should refer to the relevant Governing Documents for a more fulsome disclosure of the potential risks of an investment in the Fund, including a description of each of its respective risk factors. In addition, as the Clients' strategy develops and evolves over time, an investment in the Clients can be subject to additional and different risk factors than those set forth below.

***High Yield Securities Risk.*** The assets primarily invested in consist of loan instruments issued by leveraged, below investment grade companies with ratings generally lower than Baa3 by Moody's or BBB by Standard & Poor's that typically involve a high degree of risk. Such instruments are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

***Distressed Investment Risk.*** Investment in distressed situations exposes the investor to significant risks, including, the difficulty in obtaining information as to the issuer's true condition; legal risk, including laws relating to fraudulent conveyances, voidable preferences, lender liability, and bankruptcy; litigation risk; and liquidity risk.

***Lack of Diversification and Concentration Risk.*** Client accounts will not be diversified among a wide range of types of securities, industry, markets, or countries. Should such securities, industry, market, or country become subject to adverse financial conditions, the Clients' assets shall not be afforded the protection otherwise available through greater diversification of its investments. Accordingly, Client portfolios may be subject to more rapid change in value than would be the case if portfolios were required to maintain a wider diversification among types of

securities and other instruments.

**Commercial Loans and Loan Participations Risks.** Commercial loans and loan participations include investments in syndicated, commercial bank loans, whether acquired through assignment or participation. Such arrangements may limit the Client's ability to exercise its rights against an issuer and entail certain contractual relationships among the lender and the lending group which could be disadvantageous to the Client.

**Industry or Company Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil companies in general may depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They may carry a higher risk of volatility than an electric company, which generates its income from a steady stream of customers who use electricity no matter what the economic environment is like.

**Counterparty and Broker Credit Risk.** Certain assets will be exposed to the credit risk of the counterparties when engaging in exchange-traded or off-exchange transactions. There may be a risk of loss of assets on deposit with or in the custody of a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions, or the bankruptcy of an exchange clearinghouse. Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

**Currency/Exchange Rate Risk.** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country.

**Financial Risk.** Borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations can result in bankruptcy and/or a declining market value.

**Foreign Market Risk.** The securities markets of many foreign countries, including emerging countries, have substantially less trading volume than the securities markets of the United States, and securities of some foreign companies are less liquid and more volatile than securities of comparable United States companies. As a result, foreign securities markets will be subject to greater influence by adverse events generally affecting the market, by large investors' trading significant blocks of securities, or by large dispositions of securities, than as it is in the United States. The limited liquidity of some foreign markets will affect our ability to acquire or dispose of securities at a price and time we believe is advisable. Further, many foreign governments are less stable than that of the United States. There can be no assurance that any significant, sustained instability would not increase the risks of investing in the securities markets of certain countries.

**Inflation Risk.** When inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

***Interest-Rate Risk.*** Fluctuations in interest rates will cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

***Liquidity Risk.*** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if the specific asset is well known and widely followed. For example, Treasury Bills are highly liquid, while real estate properties are not.

***Margin Risk.*** Borrowing from banks, brokerage firms, and other financial institutions is known commonly as margin. Borrowed funds are invested in additional securities. Gains made with additional funds borrowed will generally cause the value of a portfolio to rise faster than would be the case without borrowing. Conversely, if investment results fail to cover the cost of borrowing, the value of a portfolio could decrease faster than if there had been no borrowing. In connection with borrowing, the borrower will be required to reduce its borrowing on a timely basis in the event the value of assets falls below the coverage requirement of the margin limitations. If there is such a required reduction of borrowing, the borrower could be required to liquidate securities positions at times when it might not be desirable or advantageous to do so.

***Market Risk.*** The price of any security, including bonds or mutual funds will drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions will trigger market events.

***Reinvestment Risk.*** This is the risk that future proceeds from investments will have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.

***Personnel Risk.*** The success of the Clients are heavily dependent on the activities, judgment and availability of the key personnel of PCM. The Clients rely upon the ability of PCM to make investment decisions consistent with such vehicles' investment objectives and policies. Investors generally do not have the opportunity to personally evaluate the relevant economic, financial and other information that PCM will use when selecting and monitoring investments. Should the key personnel of PCM terminate their relationships with PCM, die or become otherwise incapacitated for any period, profitability of the Clients' investments can suffer. In addition, should PCM terminate its relationship with the Funds, CLOs and/or Mutual Fund, the profitability of such vehicles' investments will suffer.

***Litigation Finance Risk.*** Litigation finance depends on whether the cases in which the fund invests will be successful, will pay the targeted returns and will pay those returns in the anticipated time. Assessing the values, strengths and weaknesses of a case is complex and the outcome is not certain. Should cases, claims, defenses or disputes in which the fund invests prove to be unsuccessful or produce returns below those expected, the performance of the fund could be materially adversely affected. Furthermore, laws and professional regulations in litigation funding can be complex and uncertain and details of certain cases are unlikely to be disclosed because of confidentiality and other restrictions.

***Options.*** By purchasing options or warrants ("options"), the buyer is exposed to the risk that the option purchased will expire worthless and that the buyer will suffer a total loss of their investment, which will consist of the option premium plus any transaction costs. Selling options



generally entails considerably greater risk than purchasing options as the seller will sustain losses well in excess of the fixed premium received. If the market or the underlying interest moves unfavorably, the seller will need to contribute additional margin to maintain the position. Additionally, if the purchaser exercises the option, the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If, however, the position is “covered” by the seller by holding a corresponding position in the underlying interest, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

**Structured Products Risk.** For certain types of structured products including collateralized bond obligations and collateralized loan obligations, prepayments may be allocated to one tranche of underlying securities ahead of other tranches, in order to reduce the risk of prepayment for the other tranches. Prepayments may result in capital loss to our Clients to the extent that the prepaid asset-backed securities were purchased or valued at a marked premium over their stated amount. Changes in the market perception of the asset backing the security, the creditworthiness of the servicing agent for the underlying asset pool, the originator of the underlying assets, or the financial institution providing any credit enhancement, will all affect the value of a structured product security. In its capacity as purchaser of an asset-backed security, our Clients would generally have no recourse to the entity that originated the underlying securities in the event of a default thereon. Additionally, the assets underlying the asset-backed security are subject to prepayment, which may shorten the weighted average life of such securities and may lower their return. Because the assets backing an asset-backed security often may be prepaid without penalty or premium, asset-backed securities are generally subject to higher prepayment risks than other types of debt instruments.

**Responsible Investing and ESG Risk.** Clients utilizing responsible investing strategies and considering environmental, social responsibility and corporate governance (“ESG”) factors may underperform strategies which do not consider ESG factors. PCM’s consideration of ESG factors may cause a Client to exclude the investments of certain issuers or select investments based in part on their compliance with such ESG factors. Clients considering certain ESG factors may exclude certain sectors or industries from a Client’s portfolio, potentially negatively affecting the Client’s investment performance if the excluded sector or industry outperforms. Responsible investing and ESG are subjective by nature, and the Investment Adviser may rely on analysis or ratings provided by third parties in determining whether an issuer meets a particular Client’s standards for investment. A Client’s perception may differ from the Investment Adviser’s or a third party’s on how to judge an issuer’s adherence to responsible investing principles.

**Coronavirus and Public Health Emergencies.** COVID-19 has already caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations and deaths. COVID-19 has significantly diminished global economic production and activity of all kinds and has contributed to both volatility and a severe decline in all financial markets. Among other things, these unprecedented developments have resulted in material reductions in demand across most categories of consumers and businesses, dislocation (or in some cases a complete halt) in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

The ultimate impact of COVID-19 — and the resulting precipitous and near-simultaneous decline in economic and commercial activity across several of the world's largest economies — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible. The extent of COVID-19's impact will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results. Even if and as the spread of the COVID-19 virus itself is substantially contained, it will be difficult to assess what the longer- term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

***Cybersecurity.*** PCM, the Clients and the service providers, may be subject to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity attacks affecting PCM, the Clients or its service providers may adversely impact the Clients. For instance, cyber-attacks may interfere with the processing or execution of Client transactions, cause the release of confidential information, including private information about investors, subject the Clients and PCM to regulatory fines or financial losses, or cause reputational damage.

***Business Continuity and Disaster Recovery.*** PCM and its Clients' business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster, terrorist attacks or other circumstances resulting in property damage, network interruption and/or prolong power outages. Although PCM has implemented, or expect to implement, measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. These risks of loss can be substantial and could have a material adverse effect on PCM and investments therein.

***Regulatory Risk.*** There can be no assurance that the Clients, their general partners, or any of their affiliates will avoid regulatory examination or enforcement actions. Even if an investigation or proceeding does not result in a sanction being imposed against Pretium or any of its affiliates, or such sanction is small in monetary amount, the Clients, their general partner, adviser and/or their respective affiliates may be subject to adverse publicity relating to the investigation, proceeding or imposition of such sanctions. There is also a risk that regulatory agencies in the United States and abroad will continue to adopt, change or enhance new or existing laws or regulations, which may result in additional regulatory scrutiny.

***Uncertain Economic, Social and Political Environment.*** Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political,

social or economic unrest. Such erosion of confidence can lead to or extend a localized or global economic downturn. A climate of uncertainty can reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn can have an adverse effect on the economy generally and on the ability of a Client to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This can slow the rate of future investments by such Client and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio investments.

***Financial Institution Risk; Distress Events.*** An investment in a Client is subject to the risk that one of the Client's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Client's assets (each, a "Financial Institution") fails to perform its obligations or experiences 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 Investment Adviser or the Clients 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 the Investment Adviser seeks to do business with custodians that it believes are creditworthy and capable of fulfilling their respective obligations to the Clients, the Investment Adviser is under no obligation to use a minimum number of custodians with respect to the Clients, or to maintain account balances at or below the relevant insured amounts.

### **Item 9 – Disciplinary Information**

There are no legal or disciplinary events that are material to investors' or prospective investors' evaluation of the Investment Adviser's advisory business or the integrity of the Investment Adviser's management.

## Item 10 – Other Financial Industry Activities and Affiliations

### Affiliated Service Providers

The Clients will engage in transactions with Pretium affiliates and/or one or more businesses that are owned or controlled by Pretium directly, including the businesses described below. These businesses will, in certain circumstances, enter into transactions with other counterparties of the Clients, as well as service providers, vendors and investors in the Clients. PCM could benefit from these transactions and activities through current income and creation of enterprise value in these businesses. Furthermore, Pretium and its affiliates, its Clients and portfolio companies and other related parties will use the services of these Pretium affiliates, including at different rates. Although Pretium believes the services provided by its affiliates are equal or better than those of third parties, Pretium directly benefits from the engagement of these affiliates, and there is therefore an inherent conflict of interest in their use. Such Affiliated Service Providers include, without limitation:

- *Pretium Enterprise Services, LLC*, which provides administrative services including, but not limited to, customer support and due diligence to other Affiliated Service Providers (which costs will be borne by such Affiliated Service Providers and shall not result in incremental cost to the Clients) and also potentially to the portfolio companies of other Pretium managed funds or accounts. Such parties will contract directly with PES for such services.
- *Pretium Advisory Services, LLC*, which provides advisory services, including, but not limited to project management with respect to the acquisition of portfolio companies, accounting, tax, compliance and legal services to the Funds and the other Pretium managed funds and accounts. Such parties will contract directly with PAS for such services and costs can be charged to certain Clients as outlined in their Governing Documents.
- Pretium Lattice, LLC provides order management services, loan management services and CLO analytics to the Clients.

These services subject PCM to potential conflicts of interest, because although it intends to select service providers that it believes are aligned with its operational strategies and that will enhance investment performance, PCM will generally have an incentive to recommend the related or other person because of its financial or business interest. In most cases, the Clients will not consent, participate in the negotiations or be directly involved in such arrangements. Additionally, there is a possibility that PCM, because of such incentive or for other reasons (including whether the use of such persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to PCM, the Clients or other investment funds sponsored by PCM or its affiliates), would favor such retention or continuation even if a better price and/or quality of service provider could be obtained from another person. PCM will not necessarily seek out the lowest cost options when incurring (or causing the Clients or its investments to incur) such expenses. Although PCM generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. In certain circumstances where PCM commits or has committed to seek “market” or “arms-length” rates or terms, PCM will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range

of rates in the applicable or related markets. Pretium undertakes some benchmarking but does not represent that any such benchmarking will be accurate, comparable or relate specifically to the assets or services to which such rates or terms relate. Where such rates or terms include hourly components, Pretium reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not Pretium has a relationship with or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost. Additionally, Pretium has, and in the future, expects to pursue acquisitions of interests in one or more strategic service providers or vendors which provide services to Pretium, its affiliates and/or the Clients or its investments.

### **Other Relationships**

Certain officers and employees of PCM also serve as officers and/or employees of Pretium and two other SEC-registered investment advisers, Pretium Single-Family Rental Manager, LLC (“PSFRM”) and Pretium Residential Credit Management, LLC (“PRCM”), both of which are affiliates of PCM. PCM, PSFRM and PRCM have the ability to invest in similar types of assets, so it is possible that a conflict of interest in allocating investment opportunities between Clients of PCM and Pretium affiliates, clients of PSFRM or PRCM will arise. PCM is committed to fulfilling its fiduciary duty to its Clients and will implement appropriate internal controls to address potential conflicts of interest should any arise or become foreseeable with respect to Pretium, PSFRM, PRCM and/or their respective clients.

Certain officers and employees of Pretium also serve as officers and/or employees of Stockwell Ventures, LLC (“Stockwell”), an affiliate of Pretium that is also an SEC-registered investment adviser that seeks to invest in craft distilleries. While Stockwell’s clients generally are not expected to invest in assets similar to those in which Clients invest, it is possible that they could have the opportunity to do so in the future, which could present a conflict of interest in allocating investment opportunities among Clients of SFR III, Pretium affiliates, and clients of Stockwell. Pretium is committed to fulfilling its fiduciary duty to its Clients and will seek to implement appropriate internal controls to address conflicts of interest in a manner consistent with its fiduciary obligations to its clients.

Pretium UK Partners Limited, an affiliate of SFR III, is an Appointed Representative in the United Kingdom. PRCM is a licensed DIFC Representative Office in the United Arab Emirates. Pretium KOR, LLC is an approved Representative Office in Korea.

PCM and its management persons are not registered as broker-dealers. We note that an affiliate of the Investment Adviser, Pretium Securities, LLC, has an application pending to register as a limited purpose broker-dealer. In the event such registration is approved, PCM expects to execute certain transactions through Pretium Securities, LLC.

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

### **Code of Ethics and Personal Trading**

PCM has adopted a Code of Ethics (the “Code”), which describes the Investment Adviser’s fiduciary duties and responsibilities to its Clients, requires that the Investment Adviser’s employees act in the best interests of Clients, act in good faith and in an ethical manner, avoid conflicts of interest with Clients to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. PCM’s employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Investment Adviser or other appropriate party of any actual or suspected violations of such laws by PCM or its employees.

The Code sets forth formal policies and procedures with respect to the personal securities trading activities of PCM’s employees deemed to be “access persons.” The Code requires pre-clearance for employee trading in all single issuer names, initial-public offerings and private placements and prohibits personal securities transactions of issuers who have been placed on the Investment Adviser’s restricted list. The Code also requires employees to certify that all relevant securities transactions have been pre-cleared and that relevant personal brokerage accounts have been disclosed on at least a quarterly basis and to provide a summary of securities holdings on at least an annual basis.

The Investment Adviser has also adopted policies and procedures intended to prevent employees from being unduly influenced in their decisions by the receipt of gifts or other inducements from third parties, such as brokers, trading counterparties or vendors. Employees are required to seek approval to give and/or accept certain business gifts and provide political contributions. In addition, the Code sets forth standards for receiving and providing business entertainment, using social media for business purposes and interacting with the government, among other things.

Investors can review a copy of the Code by contacting PCM at the address or telephone number listed on the first page of this document.

### **Client Transactions with Affiliates**

As described in Item 5 and Item 10 herein, Investment Adviser affiliates, including Pretium Advisory Services, LLC, Pretium Enterprise Services, LLC and Pretium Lattice, LLC have been retained by the Clients to provide certain services, including in-house legal, compliance, accounting, asset management, development, disposition, brokerage or other similar services of the type typically provided by third parties as determined in good faith by the general partner. These transactions will be no less favorable to the Clients than would be received in independent, arm’s-length transactions, will generally be supported and benchmarked by independent third-party appraisals of the services and, except as expressly contemplated by the Clients’ Governing Documents, will generally be subject to the approval of the Client or limited partners advisory committee, where relevant.

In addition, the Investment Adviser can determine that it would be in the best interests of certain Clients to transfer a security from one Client to another (each such transfer, a “Cross Trade”) for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Clients, or to reduce transaction costs that can arise in an open market transaction. If the Investment Adviser decides to engage in a Cross Trade, the Investment Adviser will determine that the trade is in the best interests of each Client involved and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Clients.

To the extent that Cross Trades can be viewed as principal transactions due to the ownership interest in a Client by the Investment Adviser or its personnel, the Investment Adviser will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be approved or disapproved by (i) an advisory board comprised of representatives of such investors or (ii) a committee consisting of one or more persons selected by the Investment Adviser (or its affiliate), and any valuation approved by such a committee will be determined by an independent third-party that has appropriate experience in providing such valuations.

The Clients also can, with the prior consent of such limited partners advisory committee or a majority-in-interest of the limited partners (other than affiliates of the general partner), co-invest in investments with affiliates of the general partner or entities advised or managed by affiliates of the general partner. Such transactions will be on terms that are determined by the general partner to be fair and reasonable to the Clients (provided that the economic terms and conditions on which each of the Clients and any such affiliate of the general partner co-invest in an investment will be substantially the same).



## Item 12 – Brokerage Practices

As noted previously, the Investment Adviser has full discretionary authority to manage the Clients, including the authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the counterparties used to execute such transactions. PCM's transactions primarily consist of syndicated bank loans which are traded on the primary and secondary markets. Primary market loans are acquired through large investment and commercial banks that are well established institutions. In addition, PCM can occasionally execute cross trades between Client accounts in accordance with the procedures outlined in Item 11 above.

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

Best execution is a collective consideration of factors concerning the trade in question and PCM can utilize multiple banks and broker-dealers in conducting its investment activities. In determining whether a particular counterparty is likely to provide best execution for a particular trade, PCM may consider the following factors (understanding that different factors will have different levels of importance with each unique order):

Comfort level with counterparty (including, but not limited to):

- Market Familiarity/Expertise: trading expertise, including ability to minimize total trading costs and trade without unduly impacting the market, as well as the broker's knowledge of the market for that particular security.
- Reliability/Responsiveness: history of being able to provide support when placing a difficult trade and/or the attention and consistency of trading personnel, including the willingness of the counterparty to address problems that may arise.
- Integrity/Confidentiality: respecting the Firm's desire to keep certain trading confidential.
- Quality of Executions: technological infrastructure and operational capabilities to execute and settle the trade (*i.e.*, history of accurate and timely executions, lack of errors, *etc.*).
- Research Capability: provision of valuable research, including the nature and quality of investment ideas and the ability to provide access to company management and industry specialists.
- Financial Responsibility and Condition: financial condition and creditworthiness, including an assessment of the jurisdiction and bankruptcy laws governing the entity that holds the Client's assets.

- The ability to settle desired trades in the event of counterparty insolvency.

Transaction Specific Factors (including, but not limited to):

- Best Price: ability to obtain the best overall price and to sell or buy with minimal disruption to the market price.
- Commission/Costs of a Trade: commissions, mark-ups, mark-downs or spreads in the context of the Firm's knowledge of negotiated commission rates / transaction costs currently available.
- Market Access/Ability: ability to provide access to liquidity, volume, underwritten offerings, IPOs and secondary markets.
- Financing Terms: quality of the terms required by the counterparty.
- Trade Settlement (settlement risk): ability to ensure securities will be delivered on settlement date.
- High Volume Transaction: ability to handle block orders, block positioning or large program trades.
- Willingness to Commit Capital: willingness to purchase for its own account a thinly-traded issue when there is limited interest.

It is understood that different factors will have different levels of importance with each order, as each order is unique. Moreover, best execution is not necessarily measured by the circumstances surrounding a single transaction but can be measured over time.

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

Furthermore, the Clients do not utilize soft dollars.

### **Item 13 – Review of Accounts**

The Investment Adviser performs various daily, weekly, monthly, quarterly and periodic reviews of the Clients' portfolios. Such reviews are conducted in the ordinary course by the members of the Investment Adviser's management team, portfolio managers, investment analysts, and accounting and compliance personnel. PCM's Investment Committee regularly meets to review general portfolio composition, investment opportunities, market conditions, potential conflicts and recent investment activities. Following a significant event in the financial industry or market generally, PCM can determine to review the assets of the Clients on a more frequent basis. A review of a Client's account can also be triggered by any unusual activity or special circumstances.

Within 120 days after the Clients' fiscal year-end, audited financial statements are delivered to each limited partner in the Clients. Investors also receive unaudited performance information for the Clients after each calendar quarter-end, as well as a quarterly report providing additional detail on the Clients' investments. Such reports include the value of such limited partner's interest in the Clients as determined based on the unaudited fair market value of the holdings in the Clients. The Investment Adviser may, from time to time, provide additional information relating to the Clients to one or more investors in connection with a request from a particular investor or as it otherwise deems appropriate.

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

The Investment Adviser can enter into distribution/placement arrangements with a number of unaffiliated third parties. Typically, third-party solicitors will receive a portion of the management fee and/or performance-based compensation paid to the Clients or its affiliates (although other payment arrangements could exist). If third-party solicitors are engaged, prospective investors who are solicited by such third parties will be informed of (and can be asked to acknowledge in writing their understanding of) any such arrangement. Any placement agent fees paid by the Client will offset management fees paid by the Clients and their underlying investors.

### **Item 15 – Custody**

Although PCM does not maintain physical custody of the Clients' assets, PCM would be deemed to have custody of the assets of the Funds for purposes of Rule 206(4)-2 of the Advisers Act (the "Custody Rule").

The cash and securities owned by the Funds, CLOs and the Mutual Fund are maintained with qualified custodians or a trustee. Investors in the Funds should receive written statements no less than quarterly from applicable custodians and PCM will deliver the Fund's audited financial statements to investors within 120 days of the Fund's fiscal year end, as required under the Custody Rule. Investors in CLOs managed by PCM should receive monthly reports created and distributed by the Trustee for the relevant CLO. Mutual Fund investors receive statements directly from the mutual fund as referenced in the mutual fund prospectus.

### **Item 16 – Investment Discretion**

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

## **Item 17 – Voting Client Securities**

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

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

The Proxy Voting Procedures are intended to guide PCM and its personnel in ensuring that proxies are voted in the best interest of Clients without limiting PCM or its personnel in specific situations to vote in a predetermined manner. These policies are designed to assist PCM in identifying and resolving any conflicts of interest it can have in voting Client proxies.

A copy of PCM's Proxy Voting Policies and Procedures can be obtained by contacting the Firm directly. Investors can obtain information about PCM’s proxy voting policy and how proxies were voted by contacting [compliance@pretium.com](mailto:compliance@pretium.com).

## **Item 18 – Financial Information**

PCM does not have any financial condition that impairs its ability to meet contractual and fiduciary commitments to its Clients.