

Canyon CLO Advisors LP

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This brochure provides information about the qualifications and business practices of Canyon CLO Advisors LP (“CLO Advisors” or the “Adviser”). If you have any questions about the contents of this brochure, please contact Doug Anderson at (310) 272 1360. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about CLO Advisors is also available on the SEC’s website at www.adviserinfo.sec.gov.

Material Changes

The last update to this brochure was made in October 2022. We updated this document to reflect updates regarding economic sanctions, the discontinuation of LIBOR and inflation risk.

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Advisory Business

Canyon CLO Advisors LP (“CLO Advisors” or the “Adviser”) is an asset management firm that acts as collateral manager, sponsor and originator to collateralized loan obligations (“CLOs” and collectively, “Clients”). CLO Advisors was formed by its Managing Partners, Joshua S. Friedman and Mitchell R. Julis. CLO Advisors has been registered with the SEC since July 2015. As of December 31, 2022, CLO Advisors has seventeen (17) Clients and regulatory assets under management of approximately \$7.4 billion, all of which is managed on a discretionary basis.

Messrs. Friedman and Julis, as principals of CLO Advisors, are ultimately responsible for the investment activities of the Clients, as well as for the Adviser’s research strategy and firm management. CLO Advisors is a subsidiary of Canyon Capital Advisors LLC, which is owned by Canyon Partners, LLC (“Canyon Partners”). Canyon Partners is owned by family limited liability companies and/or trusts that are ultimately controlled by Messrs. Friedman and Julis.

The advisory services provided by CLO Advisors are not tailored to the individual investors of the Clients, and investors generally are not permitted to impose restrictions on investing in certain securities or types of securities.

Fees and Compensation

Clients are typically charged senior and subordinated asset-based collateral management fees as well as performance based fees. The senior and subordinated asset-based collateral management fees are generally payable quarterly in arrears and are subject to the provisions set out in the governing documents (e.g., collateral management agreement, indenture) of each respective Client. Prepayment of fees is generally not required and is not expected. Such fees will be used to cover the Adviser’s ordinary operating expenses, including employee compensation.

Clients will also bear direct and indirect costs, fees and expenses incurred by or on behalf of such Clients including, among others, (i) expenses and costs of legal advisers, consultants and other professionals retained by the Client or by the Adviser, on behalf of the Client, in connection with the services provided by the Adviser under the collateral management agreement (including without limitation those expenses and costs relating to advice rendered by such professionals in connection with the disposition, potential disposition, preservation and/or maintenance of any investment), (ii) reasonable travel expenses (airfare, meals, lodging and other transportation) incurred by the Adviser as are reasonably necessary in connection with the initial placement of any of the notes issued by the Client and the default or restructuring, or potential default or restructuring, of any collateral, (iii) all third party out-of-pocket expenses reasonably incurred in connection with actual and potential investments of the Client, including, without limitation, brokerage commissions, research expenses, travel costs, all fees and expenses relating to the registration and qualification for sale of such securities and all transfer taxes, (iv) all reasonable fees and disbursements of counsel employed by the Adviser to perform legal due diligence and documentation in connection with the acquisition, or proposed acquisition, of any investment, (v) reasonable out-of-pocket expenses and costs incurred by the Adviser in connection with obtaining those consents or approvals from any noteholder, the trustee or the rating agencies that are required by the offering circular, the indenture or collateral management agreement, (vi) any and all costs and expenses incurred in connection with the carrying or management of the investments and (vii) fees or expenses of the Client, the Adviser or its affiliates reasonably incurred in connection with the cost of software acquisition from Virtus Partners or a similar software vendor for collateralized loan obligations or collateralized debt obligations, plus maintenance costs of such software. To the extent any such expenses or costs are incurred for the benefit of the Client and

other entities affiliated with or advised by the Adviser, the Adviser will make a good faith allocation of such expenses or costs among all such entities and the Client.

In order to take advantage of diversification and new investment strategies and concepts, the Adviser, from time to time, may place a portion of a Fund's investable assets in accounts managed by or co-managed with other investment advisors (including affiliated and non-affiliated investment advisors), in which case such Fund may be subject to additional fees payable to such other investment advisor as well as its proportionate share of costs and expenses. The Adviser also may place a portion of a Fund's investable assets in other affiliate Funds, in which case such Fund shall not be subject to any additional management or incentive fees but will bear its proportionate share of costs and expenses. The amounts which may be invested into other managed accounts or in affiliated investment funds are not expected to be significant.

Please see Brokerage Practices for more discussion on expenses incurred in connection with brokerage commissions.

Investors should refer to the governing documents (e.g., collateral management agreement, indenture) of the respective Client for additional/supplemental on the fees and expenses.

Performance-Based Fees and Side-by-Side Management

As noted above, CLO Advisors (and certain of its affiliates) earns a performance allocation or fee. Because the actual performance allocation or fee charged to a specific Client may vary in the event that CLO Advisors charges a performance fee to some of its Clients, there may be an incentive for CLO Advisors to make investments that are riskier or more speculative than would be the case in the absence of such a compensation framework or to favor those Clients with higher performance allocations or fees over Clients with lower performance allocations or fees. CLO Advisors seeks to mitigate this risk by, among other things, seeking to allocate investments in a fair and equitable manner over time among its Clients. For more information on CLO Advisors' allocation procedure, please see Brokerage Practices – Allocation of Investment Opportunities.

Types of Clients

CLO Advisors acts as collateral manager, sponsor and originator to CLOs. Investors must meet the investor qualifications associated with each CLO.

Methods of Analysis, Investment Strategies and Risk of Loss

As a general matter, CLO Advisors is not obligated to pursue any particular investment strategy or opportunity with respect to the collateral of each of its Clients and has no obligation to perform any other duties, other than as specified in the applicable collateral management agreement. Such collateral management agreement may, however, place significant restrictions on CLO Advisors' ability to buy and sell collateral obligations. Accordingly, during certain periods or in certain specified circumstances, CLO Advisors may be unable to buy or sell assets or to take other actions which it might otherwise consider in the best interests of the Client and the holders of the notes or other interests issued by the Client.

The collateral obligations are expected to consist primarily of non-investment grade loans or interests in non-investment grade loans which are subject to liquidity, market value, credit, interest rate, reinvestment and other risks. In addition, there can be no assurance that CLO Advisors will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on collateral obligations and

purchase collateral obligations that will not default and will generate high returns for the Clients. It is anticipated that such assets generally will be subject to greater risks than investment grade corporate obligations. These risks could be exacerbated to the extent that the Client portfolio is concentrated in one or more particular types of collateral obligations.

Prices of collateral obligations may be volatile and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including, but not limited to, changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, including the condition of the leveraged loan market, domestic and international economic or political events, developments or trends in any particular industry, and the financial condition of the obligors of the collateral obligations. Loans and interests in loans have significant liquidity and market value risks since they are not generally traded in organized exchange markets but are traded by banks and other institutional investors engaged in loan syndications. Because loans are privately syndicated and loan agreements are privately negotiated and customized, loans are not purchased or sold as easily as publicly traded securities. In addition, historically the trading volume in the loan market has been small relative to the non-investment grade bond market.

A non-investment grade loan or an interest in a non-investment grade loan is generally considered speculative in nature and may become a defaulted obligation for a variety of reasons. A defaulted obligation may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such defaulted obligation. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such defaulted obligation. The liquidity for defaulted obligations may be limited, and to the extent that defaulted obligations are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon. In addition, the Clients may incur additional expenses to the extent it is required to seek recovery upon a default on a collateral obligation or participate in the restructuring of such collateral obligation. Moreover, there can be no assurance on the timing of any recoveries.

Unsecured loans are unsecured obligations of the applicable obligor, may be subordinated to other obligations of the obligor and generally have greater credit, insolvency and liquidity risk than is typically associated with investment grade obligations and secured obligations. Unsecured obligations will generally have lower rates of recovery than secured obligations following a default. Also, in the event of the insolvency of an obligor of an unsecured obligation, the holders of such unsecured obligation will be considered general, unsecured creditors of the obligor, will have fewer rights than secured creditors of the obligor and will be subordinate to the secured creditors with respect to the related collateral.

In certain circumstances, the Clients' respective portfolios may include loans that are not first lien secured loans, including second lien loans. Such loans are subordinate in right of payment with respect to liquidation to one or more senior secured loans of the related borrower and therefore are subject to additional risks that the cash flows of the related borrower and the property securing a second lien loan may be insufficient to make the scheduled payments after giving effect to any senior secured loans of the related obligor. The subordination of second lien loans is also expected to cause second lien loans to be more illiquid investments than senior secured loans.

Limited Control of Administration and Amendment of Collateral Obligations

As a holder of an interest in a syndicated loan, the Clients will have limited consent and control rights and such rights may not be effective in view of the expected proportion of such obligations held by the Clients. CLO Advisors is expected to exercise or enforce, or refrain from exercising or enforcing, any or all of the Clients' rights in connection with collateral obligations or any related documents.

Due to the size of the Clients' position in certain collateral obligation, CLO Advisors is expected to have limited influence over any amendment, waiver or modification of the collateral obligations. CLO Advisors may, in accordance with its collateral management practices and subject to the applicable terms of the indenture and the collateral management agreement applicable to a Client, elect to accept any offer by the issuer of a security or by any other person made to all of the holders of such security to purchase or otherwise acquire such security or to convert or exchange such security into or for cash, securities or any other type of consideration, or accept a solicitation by the issuer of a collateral obligation to extend or defer the maturity, or to adjust the outstanding balance of, such collateral obligation, or otherwise amend, modify or waive the terms of any related loan agreement, including the payment terms thereunder. The acceptance of any such offer or solicitation will not be considered an acquisition or purchase of a collateral obligation by the Clients that must comply with the investment criteria of the Clients.

Participation on Creditors' Committees

The Clients may (through CLO Advisors) participate on committees formed by creditors to negotiate the management of financially troubled companies that may or may not be in bankruptcy or the Clients may seek to negotiate directly with the debtors with respect to restructuring issues. If the Clients do join a creditors' committee, the participants of the committee would be interested in obtaining an outcome that is in their respective individual best interests and there can be no assurance of obtaining results most favorable to the Clients in such proceedings. By participating on such committees, the Clients may be deemed to have duties to other creditors represented by the committees, which might thereby expose the Clients to liability to such other creditors who disagree with the Clients' actions. Furthermore, by participating on such committees, a Client may be contractually obligated to hold the related collateral obligation even if CLO Advisors believes it would be in the best interests of the Client to sell.

The Clients may also be provided with material non-public information that may restrict the Clients' ability to trade in the company's securities. The Clients will use all efforts to comply with all applicable securities laws. However, such efforts will involve good faith judgments concerning restrictions on trading, and there is a risk that regulators may disagree with such judgments. The Clients may trade in the company's securities while engaged in the company's restructuring activities. Such trading creates a risk of litigation and liability that may cause the Clients to incur significant legal fees and potential losses.

Investments in Restricted Securities

The Adviser is prevented from buying or selling certain publicly traded securities if the Adviser or its affiliates (see Other Financial Industry Activities and Affiliations section for information about affiliated entities) acquire material, non-public information with respect to such securities. In addition, if such information is acquired with respect to a publicly traded security that the Adviser already holds, such security will be placed on a "restricted securities list" maintained by the Adviser and will not be traded until the material, non-public information becomes public or is no longer material.

In particular, certain personnel of the Adviser may from time to time hold board seats of companies and may not be “walled off” from others at the Adviser who are responsible for making investment decisions, and any material non-public information that any such personnel obtain may be imputed to the Adviser as a whole. As a result (and in accordance with applicable securities laws and the Adviser’s compliance policies and procedures), there may be substantial periods of time during which the Adviser is restricted from buying or selling securities of companies whose boards include Adviser personnel, or securities of other companies with whom those companies may have business relationships. In addition, various securities laws mandate current public reporting of trading by directors, officers and large shareholders, and in some cases, application of these laws can result in disgorgement of any deemed “profit” resulting from such trading. Limits of those kinds could prevent the Adviser from transacting in securities when it otherwise might. In addition, the Adviser personnel serving as directors on company boards will owe duties to those companies that could, in some cases, interfere with the Adviser’s ability to freely exploit corporate opportunities or engage in other transactions involving the companies (including, potentially, transactions with their other securityholders, or with their competitors) to the Adviser’s detriment.

Limitations of Portfolio Diversification

The Clients’ portfolios of collateral obligations are expected to consist primarily of assignments or participation interests of loans. Although no significant concentration with respect to any particular obligor, industry or country (other than the United States) is expected to exist, the concentration of the portfolios in any one obligor would subject the Clients to a greater degree of risk with respect to defaults by such obligor, and the concentration of the portfolios in any one industry would subject the Clients to a greater degree of risk with respect to economic downturns relating to such industry. In purchasing and selling collateral obligations, the Clients will be required to satisfy certain tests to limit the collateral obligations’ concentration in terms of both obligor and industry concentration. Although the resulting diversification of collateral obligations may reduce the risk described above, the diversification requirements applicable to the Clients may cause the Clients to invest in obligors or industries that suffer more defaults than if the Clients were not required to invest in a diversified manner.

Cov-Lite Loans

A portion of the collateral obligations (which portion may be significant) of the Clients may be comprised of “Cov-Lite Loans” which contain limited, if any, financial covenants. Generally, Cov-Lite Loans either do not require the borrower to maintain debt service or other financial ratios or do not contain common restrictions on the ability of the borrower to change significantly its operations or to enter into other significant transactions that could affect its ability to repay such loans. Ownership of Cov-Lite Loans may expose the Clients to different risks, including with respect to liquidity, price volatility and ability to restructure loans, than is the case with loans that have such requirements and restrictions. The definition of Cov-Lite Loan may (depending on the collateral management agreements for a particular Client) not include a loan that, although it has no maintenance or incurrence covenant, contains either a cross-default provision to, or is *pari passu* with, another loan of the underlying obligor forming part of the same loan facility that requires the underlying obligor to comply with one or more financial covenants or maintenance covenants (each, an “excluded loan”). If the application of such covenants is subject to certain conditions (for example, in the case of a revolver, the condition that such revolver has been drawn), and those conditions have not been satisfied, such covenants will afford no protection to the Clients. As a result of the ownership of such excluded loans and Cov-Lite Loans, the Clients’ exposure to losses may be increased, which could result in an adverse impact on the Clients’ ability to make payments its investors. In addition, in certain economic environments, the market prices of Cov-Lite Loans may be depressed.

International Investing

A portion of the assets of the Clients may consist of collateral obligations that are obligations of non-U.S. obligors. Investing outside the United States may involve greater risks than investing in the United States. These risks include: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; and (iii) the difficulty of enforcing legal rights in a non-U.S. jurisdiction and uncertainties as to the status, interpretation and application of laws. Moreover, non-U.S. obligors may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to United States companies. If the sovereign rating of a country in which an obligor on a collateral obligation is located is downgraded, the ratings applicable to such collateral obligation may be downgraded as well.

Generally, there is less governmental supervision and regulation of exchanges, brokers and issuers in non-U.S. countries than there is in the United States. For example, there may be no comparable provisions under certain non-U.S. laws to insider trading and similar investor protection securities laws that apply with respect to securities transactions consummated in the United States.

Non-U.S. markets also have different clearance and settlement procedures, and in certain markets there have been times when settlements have failed to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Delays in settlement could result in periods when assets of the Clients are uninvested and no return is earned thereon. The inability of the Clients to make intended purchases of collateral obligations of non-U.S. issuers due to settlement problems or the risk of intermediary counterparty failures could cause the Clients to miss investment opportunities. The inability to dispose of a collateral obligation due to such settlement problems or failures could result either in losses to the Clients due to subsequent declines in the value of such collateral obligation or, if the Client has entered into a contract to sell the security, could result in possible liability to the purchaser. Transaction costs of buying and selling non-U.S. securities, including brokerage, tax and custody costs, also are generally higher than those involved in domestic transactions. Furthermore, non-U.S. financial markets, while generally growing in volume, have, for the most part, substantially less volume than U.S. markets, and securities of many non-U.S. companies are less liquid and their prices more volatile than securities in comparable domestic companies.

In some non-U.S. countries, there is the possibility of expropriation, nationalization or confiscatory taxation, limitations on the convertibility of currency or the removal of securities, property or other assets of the Clients, political, economic or social instability or adverse diplomatic developments, each of which could have an adverse effect on the Clients' investments in such foreign countries (which may make it more difficult to pay U.S. Dollar-denominated obligations such as the collateral obligations). The economies of individual non-U.S. countries also may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resources self-sufficiency and balance of payments position.

Investments through Irish DACs

The Adviser may invest in certain loans issued outside of the United States through investments in one or more Irish domiciled vehicles organized as designated activity companies which are qualifying companies for the purposes of section 110 of the Irish Taxes Consolidation Act 1997 (each, a "DAC"). Although the Adviser is engaged by each DAC's board of directors (the "DAC Board") as advisers to provide investment recommendations, each DAC Board, in its sole discretion, makes the final investment decisions for the respective DAC. (See "Lack of Fund's Control over Irish DACs.")

Lack of Fund's Control over Irish DACs

The Adviser may invest in certain loans issued outside of the United States through the DACs, with the DACs acquiring the loans. The Adviser has limited control over the DACs, including with respect to the DACs' investment decisions. The Adviser is engaged by each DAC Board as advisor to provide recommendations for acquisitions and dispositions of loans. Each DAC Board, in its sole discretion, makes the final investment decisions for the respective DACs.

Economic Sanctions

Governmental authorities in the United States and/or in other countries may impose sanctions or other restrictive economic measures ("Sanctions") on dealings with specified countries and/or individuals. Sanctions may be imposed relatively suddenly in response to geopolitical crises, such as invasions or wars, and may trigger retaliatory action (including the imposition of countervailing Sanctions) that aggravate those crises. As a result of Sanctions, it is possible that the Adviser could be prohibited or restricted from acquiring, holding or disposing of particular investments, including investments that were not subject to Sanctions when originally acquired by the Adviser ("Sanctioned Investments"). Clients should thus be aware that, depending on the nature of the Sanctions, the Adviser may not be able to dispose of previously acquired Sanctioned Investments on acceptable terms (or at all), or the Adviser may be forced to sell previously acquired Sanctioned Investments at significant losses. In addition, because Sanctions are intended to restrict economic activities, they can have a material adverse effect on global trade generally (including by disrupting securities exchanges and cross-border payment systems, weakening foreign currencies and triggering defaults) which may also materially and adversely affect the Adviser's overall portfolio of investments (even those that are not Sanctioned Investments). The Adviser may also face penalties or other liabilities (including liabilities for indemnification) for any failure to comply with Sanctions (including failures by its affiliates or related persons), and any such penalties or liabilities could also materially and adversely affect the Advisers' performance.

Illiquidity of Collateral Obligations

Some of the collateral obligations purchased by the Clients will have no, or only a limited, trading market. The Clients' investment in illiquid collateral obligations may restrict their ability to dispose of investments in a timely fashion and for a fair price as well as their ability to take advantage of market opportunities. Illiquid collateral obligations may trade at a discount to comparable, more liquid investments. In addition, the Clients may invest in privately placed collateral obligations that may or may not be freely transferable under the laws of the applicable jurisdiction or due to contractual restrictions on resale. Even if such privately placed collateral obligations are transferable, the prices realized from their sale could be less than those originally paid by the Clients or less than what may be considered the fair value of such debt obligations.

In addition, adverse developments in the primary market for leveraged loans may reduce opportunities for the Clients to purchase new issuances of collateral obligations. More particularly, the ability of private equity sponsors and leveraged loan arrangers to effectuate new leveraged buy-outs and the ability of the Clients to purchase such assets may be partially or significantly limited. The impact of a liquidity crisis on the global credit markets may adversely affect the management flexibility of CLO Advisors in relation to a Client's portfolio.

General Market and Credit Risks of Debt Securities

Debt portfolios are subject to credit and interest rate risks. Credit risk refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency

of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument and securities and other debt instruments which are rated by rating agencies are often reviewed and may be subject to downgrade. Interest rate risk refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) or directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. Interest rate risk is related to, and can also increase, credit risk – if interest rates rise (and particularly if they rise steeply), debtors with floating rate liabilities may face difficulty making interest payments.

Inflation

Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets. For example, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments. Governmental efforts to curb inflation often have negative effects on the level of economic activity. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on the Advisers' returns.

Certain Risks Associated with Investments in Consumer Loans

The Adviser may hold interests directly or indirectly (including through trusts or securitization vehicles) in pools of consumer loans, such as personal loans and automobile loans to individual borrowers (which may be unsecured). Federal and state consumer protection laws impose numerous restrictions on creditors in connection with the making and servicing of consumer loans, and any violations of those laws by the Adviser or any other person (including by any platform or bank through or from which the Fund acquires its interests in consumer loans, any loan servicer or any trustee), could impair collections and/or result in regulatory actions or penalties that adversely affect the Adviser. In particular, many states have “usury laws” that impose limits on interest rates that may be charged on personal loans. While state usury laws are generally subject to federal pre-emption where, e.g., the original lender is a national bank, the scope of this federal pre-emption (and whether, e.g., it survives transfers or assignments by banks), has been challenged through both private litigation and enforcement proceedings by regulators. If any person (including any borrower, or a state regulator) were to claim that loans in which the Adviser holds interests violate state usury laws (including claims based on allegations that the “true lender” of the applicable loan(s) was not a national bank entitled to state pre-emption), those loans could be found to be unenforceable or void, and the Adviser could also be subject to liabilities for disgorgement, damages or penalties.

Certain Risks Associated with Investments in Aircraft Securitizations

The Adviser may invest in airline/aircraft assets, which may include aircraft lease receivables (“ALRs”). ALRs are asset-backed securities that are generally structured as pass-through trusts. The aircraft is sold to the trust, which leases it to the airline companies. Unlike receivables backed by loans or interest rates, however, ALRs may entail a higher risk because of the nature of the underlying assets, which are expensive to maintain and operate and are difficult to sell. In addition, the Adviser may invest in enhanced equipment trust certificates (“EETCs”) for which U.S. airlines are the primary issuers. An airline EETC is an obligation secured directly by aircraft or aircraft engines of a single sponsoring airline as collateral. EETC issuances are often enhanced by elements such as debt tranching, availability of liquidity facilities and over-collateralization. EETCs tend to be less liquid than corporate bonds offered by the sponsoring airline.

Furthermore, the Adviser may invest in aviation-related asset-backed securities that seek to monetize leases or mortgages. Aircraft mortgage monetization notes and aircraft lease monetization notes are asset-backed securities that represent interests in pools of aircraft mortgages or operating leases, respectively, on various aircraft types of airlines located throughout the world. Holders of aforementioned asset-backed securities bear various risks, including, among other things, lease rates and residual values, increased fuel costs, credit, technological, legal, regulatory, terrorism and geopolitical risks. Uncertainty and instability in certain countries in which airlines are located could have a material adverse effect on such securities as well. Additionally, portfolio management and the remarketing and re-leasing of aircraft upon lease expiration or default is typically the responsibility of a designated servicer. No assurance can be given that the aircraft will be re-leased after the expiration of the initial term, or if re-leased, on the same terms or on more favorable terms. Further, the value of these asset-backed securities are affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the collateral pool, the originator of the financial obligations or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement. Finally, aircraft are subject to many laws in different jurisdictions, and the repossession of aircraft from lessees or borrowers may be difficult and costly.

Credit Ratings of Debt Obligations

Credit ratings of debt obligations represent the rating agencies' opinions regarding their credit quality and are not a guarantee of quality. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value; therefore, they may not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so an issuer's current financial condition may be better or worse than a rating indicates. Investments in non-investment grade and comparable unrated obligations will be more dependent on CLO Advisors' credit analysis than would be the case with investments in investment-grade debt obligations. A failure of the collateral quality tests applicable to a Client may prevent the Client from reinvesting in new collateral obligations, and any failure of the coverage tests or the interest diversion tests applicable to a Client may result in the redemption of certain classes of securities of the Client. A change in rating methodology by a rating agency may have a material adverse effect on the ability of Client to reinvest in new collateral obligations.

Prepayment of Loans

Loans are generally prepayable in whole or in part at any time at the option of the obligor thereof at par plus accrued unpaid interest thereon. Prepayments on loans may be caused by a variety of factors which are often difficult to predict. Consequently, there exists a risk that loans purchased at a price greater than par may experience a capital loss as a result of such a prepayment. In addition, principal proceeds received upon such a prepayment are subject to reinvestment risk. There is no assurance that a Client will be able to reinvest proceeds in assets with comparable interest rates that satisfy its investment criteria or (if it is able to make such reinvestments) as to the length of any delays before such investments are made.

Loan Repricing

Leveraged loans may experience volatility in the spread that is paid on such leveraged loans. Such spreads will vary based on a variety of factors, including, but not limited to, the level of supply and demand in the leveraged loan market, general economic conditions, levels of relative liquidity for leveraged loans, the actual and perceived level of credit risk in the leveraged loan market, regulatory changes, changes in credit ratings and the methodology used by credit rating agencies in assigning credit ratings, and such other factors that may affect pricing in the leveraged loan market. Since leveraged loans may generally be prepaid at any time without penalty, the obligors of such leveraged loans would be expected to prepay or refinance

such leveraged loans if alternative financing were available at a lower cost. For example, if the credit ratings of an obligor were upgraded, the obligor were recapitalized or if credit spreads were declining for leveraged loans, such obligor would likely seek to refinance at a lower credit spread. Declining credit spreads in the leveraged loan market and increasing rates of prepayments and refinancings will likely result in a reduction of portfolio yield and interest collections on the collateral obligations, which would have an adverse effect on the amount available for distributions to Clients.

Unspecified Use of Proceeds

Investors will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by CLO Advisors and, accordingly, will be dependent upon the judgment and ability of CLO Advisors in investing and managing the proceeds of the Client's assets, and in identifying investments over time and the relevant restrictions in the applicable indentures and collateral management agreements of the Clients. No assurance can be given that CLO Advisors will be successful in obtaining suitable investments or that, if such investments are made, the objectives of the Clients will be achieved.

Assignments and Participation Interests

Clients may acquire interests in loans either directly (by way of assignment from the selling institution) or indirectly (by purchasing a participation interest from the selling institution). As described in more detail below, holders of participation interests are subject to additional risks not applicable to a holder of a direct interest in a loan.

Participations by the Clients in a selling institution's portion of a loan typically result in a contractual relationship only with such selling institution, not with the borrower. In the case of a participation interest, the Clients will generally have the right to receive payments of principal, interest and any fees to which it is entitled only from the institution selling the participation interest and only upon receipt by such selling institution of such payments from the borrower. By holding a participation interest in a loan, the Client generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, and the Client may not directly benefit from the collateral supporting the loan in which it has purchased the participation interest. As a result, the Client will assume the credit risk of both the borrower and the institution selling the participation interest, which will remain the legal owner of record of the applicable loan. CLO Advisors does not expect to perform independent credit analyses of the selling institutions. In the event of the insolvency of the selling institution, the Client, by owning a participation interest, may be treated as a general unsecured creditor of the selling institution, and may not benefit from any set off between the selling institution and the borrower. In addition, the Client may purchase a participation interest from a selling institution that does not itself retain any beneficial interest in any portion of the applicable loan and, therefore, may have limited interest in monitoring the terms of the loan agreement and the continuing creditworthiness of the borrower. When the Client holds a participation interest in a loan it will not have the right to vote under the applicable loan agreement with respect to every matter that arises thereunder, and it is expected that each selling institution will reserve the right to administer the loan sold by it as it sees fit and, subject to the terms of the participation agreement, to amend the documentation evidencing such loan in all respects. Selling institutions voting in connection with such matters may have interests different from those of the Client and may fail to consider the interests of the Client in connection with their votes.

The purchaser of an assignment of an interest in a loan typically succeeds to all the rights and obligations of the assigning selling institution and becomes a lender under the loan agreement with respect to that loan. As a purchaser of an assignment, a Client generally will have the same voting rights as other lenders under the applicable loan agreement, including the right to vote to waive enforcement of breaches of covenants

or to enforce compliance by the borrower with the terms of the loan agreement, and the right to set off claims against the borrower and to have recourse to collateral supporting the loan. Assignments are, however, arranged through private negotiations between assignees and assignors, and in certain cases the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than, those held by the assigning selling institution.

Assignments and participation interests are sold without recourse to the selling institutions, and the selling institutions will generally make minimal or no representations or warranties about the underlying loan, the borrowers, the documentation of the loans or any collateral securing the loans. In addition, the Client will be bound by provisions of the underlying loan agreements, if any, that require the preservation of the confidentiality of information provided by the borrower.

Certain of the loans or participation interests may be governed by the law of a jurisdiction other than a United States jurisdiction. A Client will be unable to provide any information with respect to the risks associated with purchasing a participation interest under an agreement governed by the laws of a jurisdiction other than a United States jurisdiction, including characterization under such laws of such participation interest or sub-participation in the event of the insolvency of the institution from whom a Client purchases such participation or sub-participation interest or the insolvency of the institution from whom the grantor of the sub-participation interest purchased its participation interest.

Insolvency Considerations Under U.S. Federal Bankruptcy Law

Various laws enacted for the protection of debtors or creditors may apply to the collateral obligations of the Clients under U.S. federal bankruptcy law. If a court were to find that the obligor of a collateral obligation did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting the collateral obligation and, after giving effect to such indebtedness, the obligor (i) was insolvent, (ii) was engaged in a business for which its remaining assets constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they matured, the court could invalidate, in whole or in part, the indebtedness as a fraudulent conveyance, subordinate the indebtedness to existing or future creditors of the obligor or recover amounts previously paid by the obligor in satisfaction of the indebtedness. There can be no assurance as to what standard a court would apply in order to determine whether the obligor was “insolvent.” In addition, in the event of the insolvency of an obligor of a collateral obligation, payments made on the collateral obligation could be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one year and one day) before insolvency.

In addition, there is the possibility that a bankruptcy court may in the exercise of its equitable or other powers determine not to enforce such an agreement on the ground that it violates an essential policy underlying the Bankruptcy Law or other applicable bankruptcy or insolvency law or on other grounds it may determine in the exercise of its powers.

Lender Liability Considerations and Equitable Subordination

A number of judicial decisions in the United States and some non-U.S. jurisdictions have upheld the right of borrowers to sue lending institutions and others on the basis of various evolving legal theories. Generally, lender liability is founded upon the premise that a lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower that creates a fiduciary duty owed to the borrower or its other creditors or shareholders.

In some cases, courts have subordinated the claim of a lender against a borrower to claims of other creditors of the borrower when the lending institution is found to have engaged in unfair, inequitable or fraudulent

conduct. Because of the nature of certain collateral obligations expected to be held by Clients, a Client could be subject to claims from creditors of a collateral obligation obligor that the Client's claim under the collateral obligation should be equitably subordinated.

The preceding discussion is based upon principles of United States federal and state laws. Insofar as collateral obligations that are obligations of non-United States obligors are concerned, the laws of certain foreign jurisdictions may impose liability upon lenders under factual circumstances similar to those described above, with consequences that may or may not be analogous to those described above under United States federal and state laws.

Insolvency Considerations with Respect to Collateral Obligations of Non-U.S. issuers

Collateral obligations consisting of obligations of non-U.S. obligors may be subject to various laws enacted in their home countries for the protection of debtors or creditors, which could adversely affect a Client's ability to recover amounts owed. These insolvency considerations will differ depending on the country in which each obligor is located and may differ depending on whether the obligor is a non-sovereign or a sovereign entity. These collateral obligations may also be subject to greater risks than collateral obligations of U.S. obligors, such as: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; and (iii) the difficulty of enforcing legal rights in a non-U.S. jurisdiction and uncertainties as to the status, interpretation and application of laws. A number of European jurisdictions operate "debtor-friendly" insolvency regimes that would result in delays in payments from obligors subject to such regimes. The different insolvency regimes applicable in European jurisdictions result in a corresponding variability of recovery rates for collateral obligations with obligors in such jurisdictions. No reliable historical data is available.

Recent Positive Economic Trends May Not Continue

Positive economic trends nationally as well as in specific geographic areas of the United States have led to low rates of loan defaults and delinquencies. While the levels of defaults and delinquencies have decreased significantly in recent years, there is a material risk that economic activity will slow and/or become volatile (as occurred dramatically, for example, in the 2008 financial crisis). If that were to occur, some obligors that are able to service their loans in the current economic environment will be significantly and negatively impacted. A downturn or reversal of economic growth would likely lead to decreased ability of obligors to obtain refinancing which would likely exacerbate any economic decline and cause a further deterioration in loan performance generally. Some believe that the recovery from the 2008 financial crisis has been fragile, and there is no way to determine whether recent positive economic trends in the credit markets will continue or reverse in the future.

The Senior Loan Market

Senior secured loans are of a type generally incurred by the borrowers thereunder in connection with a highly leveraged transaction, often to finance internal growth, acquisitions, mergers, stock purchases, or for other reasons. As a result of the additional debt incurred by the borrower in the course of such a transaction, the borrower's creditworthiness is often judged by the rating agencies to be below investment grade. Such loans may be private corporate loans that are negotiated by one or more commercial banks and syndicated among a group of commercial banks and institutional investors. In order to induce the banks and institutional investors to invest in a borrower's loan facility, and to offer a favorable interest rate, the borrower often provides the banks and institutional investors with extensive information about its business which is not generally available to the public.

Senior loans are typically at the most senior level of the capital structure, and are often secured by specific

collateral, including, but not limited to, trademarks, patents, accounts receivable, inventory, equipment, buildings, real estate, franchises and common and preferred stock of the obligor and its subsidiaries. Such loans may provide for restrictive covenants designed to limit the activities of the borrower in an effort to protect the right of lenders to receive timely payments of interest on and repayment of principal of the loans. Such covenants may include restrictions on dividend payments, specific mandatory minimum financial ratios, limits on total debt and other financial tests. Senior loans usually have shorter terms than more junior obligations and often require mandatory prepayments from excess cash flow, asset dispositions and offerings of debt and/or equity securities. Because of the provision of confidential information, the unique and customized nature of a loan agreement, and the private syndication of the loan, senior loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to the non-investment grade bond market.

The majority of senior loans bear interest based on a floating rate index, such as LIBOR, the certificate of deposit rate, a prime or base rate (each as defined in the applicable loan agreement) or other index, which may reset daily (as most prime or base rate indices do) or offer the borrower a choice of one, two, three, six, nine or twelve month interest periods.

Purchasers of senior loans are predominantly CLOs, investment and commercial banks, insurance companies and other financial institutions who have applied their experience in high-yield securities trade groups to the commercial and industrial loan market, acting as both principal and broker. The range of investors for such loans has broadened, with money managers, insurance companies and mutual funds seeking increased potential total returns. As secondary market trading volumes increase, new loans are frequently adopting more standardized documentation to facilitate loan trading which should improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide the degree of liquidity that currently exists in the market.

The nature of the direct relationship that may exist between the borrower under a senior loan and the lender when such loan is assigned gives rise to the risks of lender liability, fraudulent conveyance and avoidable preference. The unique nature of the loan documentation also creates a degree of complexity in negotiating a secondary market purchase or sale which does not exist, for example, in the non-investment grade bond market.

LIBOR Discontinuation Risk

“LIBOR” (the London interbank offered rate) is being discontinued as a floating rate benchmark. The date of discontinuation will vary depending on the LIBOR currency and tenor. LIBOR has been the principal floating rate benchmark in the financial markets, and its discontinuation has affected and will continue to affect the financial markets generally and may also affect the Fund’s operations specifically. The FCA, which is the regulator of the LIBOR administrator, has announced that, after specified dates, LIBOR settings will cease to be provided by any administrator or will no longer be representative. Those dates are: (i) June 30, 2023, in the case of the principal U.S. dollar LIBOR tenors (overnight and one, three, six and 12 months); and (ii) December 31, 2021, in all other cases (i.e., one week and two month U.S. dollar LIBOR and all tenors of non-U.S. dollar LIBOR). Accordingly, many existing LIBOR obligations will transition to another benchmark after June 30, 2023 or, in some cases, after December 31, 2021. However, those transition dates may occur earlier (including as a result of the particular contractual terms for a given contract). There is no assurance that LIBOR, of any particular currency or tenor, will continue to be published until any particular date or in any particular form, and there is no assurance regarding the consequences of the LIBOR discontinuation.

In the United States, there have been efforts to identify alternative reference interest rates for U.S. dollar LIBOR. The cash markets have generally coalesced around recommendations from the Alternative

Reference Rates Committee (the “ARRC”), which was convened by the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York (“FRBNY”). The ARRC has recommended that U.S. dollar LIBOR be replaced by rates based on the Secured Overnight Financing Rate (“SOFR”) plus, in the case of existing LIBOR contracts and obligations, a spread adjustment. The derivatives markets are also expected to use SOFR-based rates to replace U.S. dollar LIBOR. SOFR has a limited history, having been first published in April 2018. The future performance of SOFR, and SOFR-based reference rates, cannot be predicted based on SOFR’s history or otherwise. SOFR is intended to be a broad measure of the cost of borrowing funds overnight in transactions that are collateralized by U.S. Treasury securities. SOFR is calculated by the FRBNY based on transaction-level repo data collected from various sources. For each trading day, SOFR is calculated as a volume-weighted median rate derived from such data. Because SOFR is a financing rate based on overnight secured funding transactions, it differs fundamentally from LIBOR. LIBOR is intended to be an unsecured rate that represents interbank funding costs for different short-term tenors. It is a forward-looking rate reflecting expectations regarding interest rates for those tenors. Thus, LIBOR is intended to be sensitive to bank credit risk and to short-term interest rate risk. In contrast, SOFR is a secured overnight rate reflecting the credit of U.S. Treasury securities as collateral. Thus, it is intended to be insensitive to credit risk and to risks related to interest rates other than overnight rates. SOFR has been more volatile than other benchmark or market rates, such as three-month LIBOR, during certain periods. For these reasons, among others, there is no assurance that SOFR, or rates derived from SOFR, will perform in the same or a similar way as LIBOR would have performed at any time, and there is no assurance that SOFR-based rates will be a suitable substitute for LIBOR.

The discontinuation of LIBOR, particularly if the replacement for LIBOR is not well received, may adversely affect financial markets generally and may also adversely affect the Advisers’ operations specifically.

Cybersecurity Risk

CLO Advisors and their third-party service providers are subject to risks associated with “cybersecurity” breaches. “Cybersecurity” is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from authorized access or manipulation by other computer users and the efforts to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Cybersecurity breaches may be the result of intentional actions (such as an attempt by a third party to fraudulently induce employees, customers, third-party service providers or other users of systems to disclose sensitive information in order to gain access to the Investment Advisor’s data or that of its investors), or unintentional events. Cyber-attacks may cause losses to Client accounts by interfering with the processing of transactions, affecting the ability to calculate net asset value or impeding or sabotaging trading or otherwise affecting the information systems upon which CLO Advisors and the Client account rely. A successful penetration or circumvention of the security protocols of CLO Advisors systems or the systems of CLO Advisors service providers could also result in the loss or theft of an investor’s data or funds, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Any such breach could expose the Client to financial loss (including those associated with the forensic analysis of the origin and scope of the breach and costs of increased and upgraded IT systems and/or cybersecurity countermeasures), the disruption of CLO Advisors business, liability to investors or third parties (where applicable), regulatory intervention, unauthorized use of proprietary information, litigation, the dissemination of confidential and proprietary information or reputational damage. Losses could also arise from cyber-attacks affecting issuers of securities in which the Client account invests.

While CLO Advisors has established systems, and conducts cybersecurity training, designed to mitigate the risks of cyber-attacks, there are inherent limitations in such systems and associated with such training, including the possibility that certain risks have not been identified. Furthermore, CLO Advisors does not control the business continuity plans and systems put in place by its third-party service providers or any

other third parties whose operations may affect CLO Advisors and/or its Clients. As a result, Client accounts could be negatively impacted by cyber-attacks against the information systems of CLO Advisors, or any of its third-party service providers.

The EU General Data Protection Regulation (“GDPR”) recently took effect in all EU member states. The GDPR introduces new obligations on controllers and rights for data subjects and introduces fines for serious breaches. The implementation of the GDPR could adversely impact the Fund’s business by increasing its operational and compliance costs.

ESG Considerations

The Adviser has sought to infuse ESG-related factors into its investment and due diligence process. As of 2021, where sufficient data can be reasonably identified, the Adviser may perform its own analysis relating to ESG considerations with respect to certain Fund investments. When formulating ESG perspectives and making investment decisions, the Adviser will seek to utilize a wide variety of third-party information sources, incorporate standards set forth by recognized global organizations and leverage its own internal research and ESG scoring system. While ESG factors may not be determinative in deciding to include or exclude any particular investment, investments made with identified material ESG concerns will generally undergo ongoing monitoring to assess and update the nature and status of these issues. Canyon’s dedicated Head of ESG works with the Adviser’s investment committee to incorporate ESG considerations and analysis in its investment process. The full ESG policy is available to Clients upon request.

The foregoing discussion of certain risk factors does not purport to be a complete explanation of the risks involved with investing in CLOs sponsored by CLO Advisors. Investors should read all documents and agreements related to the respective CLO (including the relevant indenture and collateral management agreement, and other relevant documents).

Disciplinary Information

There are no legal or disciplinary events that are material to a Client’s or prospective client’s evaluation of CLO Advisors’ advisory business or the integrity of CLO Advisors’ management.

Other Financial Industry Activities and Affiliations

Broker-Dealer and Registered Representatives

CP Investments LLC (“CP Investments”) is a registered broker-dealer and member of FINRA and is affiliated with CLO Advisors. CLO Advisors’ principals are also principals and registered representatives of CP Investments. Certain CLO Advisors employees are also registered representatives of CP Investments. CP Investments acts as placement agent for certain Clients but does not act as a broker for or an agent of any Client. CLO Advisors and/or Clients will not otherwise use the services of or pay sales commissions to CP Investments.

Related Investment Advisers

Canyon Capital Advisors LLC (“CCA”) is the managing member of CLO Advisors. CCA is a registered investment adviser. The principals of CCA are Messrs. Friedman and Julis. CCA and CLO Advisors share certain employees, including compliance and operations personnel, and utilize the same order management system and business technology; further, trades are executed off of the same trading desk for both investment advisers. Nevertheless, while CLO Advisors may benefit from CCA’s credit-focused

investment strategy and its similar approach to investment decisions, CLO Advisors is a separate legal entity primarily focused on CLO investments.

Canyon Partners Real Estate LLC (“CPRE”), an affiliate of CLO Advisors, is a registered investment adviser that is ultimately controlled and managed by the same principals that control and manage CLO Advisors. CPRE focuses on investments related to real estate. While the clients of CPRE have different investment objectives than the clients of CLO Advisors, a conflict of interest in rendering advice to CLO Advisors’ clients may arise because the benefits realized by the principals from managing CPRE’s clients’ accounts in certain circumstances may exceed the benefit from managing CLO Advisors’ clients’ accounts and, therefore, may provide an incentive to favor such other accounts. The principals of CPRE and CLO Advisors will not enter into transactions in which they knowingly and deliberately favor themselves or another client over the clients of CLO Advisors; however, the principals have considerable discretion to trade for other accounts, and intend to do so to a significant extent.

AECOM-Canyon Partners Real Estate Fund Advisors LLC (“AECOM-Canyon”), an affiliate of CLO Advisors, is a registered investment adviser that is a joint venture between AECOM Capital Real Estate, LLC and CPRE. AECOM-Canyon focuses on capital appreciation primarily by investing in co-general partner equity opportunities in development and value-add commercial real estate projects located in the top ~25 markets across the United States.

River Canyon Fund Management LLC (“River Canyon”), a wholly owned subsidiary of CCA, is a registered investment adviser that is ultimately controlled and managed by the same principals that control and manage CLO Advisors. While River Canyon currently provides discretionary advisory and subadvisory services to registered investment companies, it may also do so for private funds and separately managed accounts.

Canyon Capital Advisors (Europe) Ltd. (“CCA EU”) is a wholly owned subsidiary of CCA. CCA EU is registered with the Financial Conduct Authority. CCA EU provides research related services to CLO Advisors.

Other Entities Sponsored by CLO Advisors and its Affiliates

CLO Advisors and its affiliates (including CCA, CPRE, AECOM-Canyon, and River Canyon) currently sponsor a number of private investment vehicles, partnerships, and companies and act as the investment adviser to managed accounts, and trade on behalf of themselves and their affiliates, which may create certain conflicts of interest among CLO Advisors and its Clients. CLO Advisors may also have a conflict of interest in rendering advice to multiple Clients because the benefit from managing one Client account may exceed the benefit of managing another Client account(s) and, therefore, may provide an incentive to favor such other account(s). Moreover, if CLO Advisors makes investment decisions for multiple accounts at or about the same time it makes decisions for other Client accounts, Clients may be competing for the same or similar positions. CLO Advisors also must take into account the varying investment objectives and limitations, tax considerations, available cash, investment horizons and other factors which affect its Clients. There can be no assurance that a single Client will receive as large an allocation in respect of limited investment opportunities as it might otherwise have absent these considerations. Please see Brokerage Practices – Allocation of Investment Opportunities which discusses CLO Advisors’ allocation policy.

CLO Advisors is not obligated by contract to buy, sell or recommend for one Client any security or other investment that may be bought, sold or recommended for other Clients or for CLO Advisors’ own or related persons’ account, but CLO Advisors will endeavor to fairly allocate the investment opportunity or dispose of the investment in the event of an actual conflict.

CLO Advisors will not enter into transactions in which it knowingly and deliberately favors itself or a single Client over another Client; however, the Adviser is given considerable discretion to trade for other accounts, and intends to do so to a significant extent.

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

CLO Advisors has adopted a Code of Ethics (“Code”) that sets forth standards of conduct expected of employees and addresses potential conflicts that can arise from personal trading by employees. CLO Advisors has designated every employee, with certain very limited exceptions, as an access person for purposes of its Personal Trading Policy. As such, employees of CLO Advisors are covered by the Personal Trading Policy. Under the Personal Trading Policy, employees must periodically report their personal securities transactions and holdings to the Chief Compliance Officer (“CCO”) and CLO Advisors must review these reports. To this end, employees must arrange for CLO Advisors to receive the employee’s investment account statements, which contain information regarding securities transactions in the accounts of the employee. In addition, employees must obtain written or electronic approval before making certain types of investments.

CLO Advisors’ Personal Trading Policy is governed by two overriding principles. First, client trades are always processed first. Second, CLO Advisors and its employees must manage both real conflicts and the appearance of conflicts. If an employee doubts the propriety of any personal trade, such doubt is resolved in favor of not trading. The Code also contains policies involving the safeguarding of proprietary and non-public information by CLO Advisors personnel along with restrictions on the use of material, non-public information and the use of non-public information regarding a client.

Any issues that arise under the Personal Trading Policy must be reported to CLO Advisors’ CCO and senior management immediately. Clients can obtain a copy of our Code of Ethics, which includes the Personal Trading Policy, free of charge, from our CCO upon request (Doug Anderson (310) 272 1360

Cross Trades

CLO Advisors may be permitted, under its collateral management agreements with Clients, to effect cross trades involving purchases or sales of assets between CLOs or accounts managed by CLO Advisors’ affiliates and the Clients. In such transactions, CLO Advisors or its personnel may have potential conflicts regarding the respective parties to the transaction.

To mitigate such conflicts of interest, CLO Advisors will obtain an independent review of the fairness of the transaction if the investment is private or an independent price (i.e., a pricing service or broker quote) if the investment is public.

Co-Investment with Affiliates

On occasion (and if permitted to do so under the governing documents of the Clients), Clients may acquire interests in projects financed by other entities managed by the CLO Advisors’ affiliates. In addition, the Clients may invest in entities in which other clients of such affiliates are investors or lenders, either in similar investment positions or in different positions in the capital structure with different risk and return parameters. In such event, disputes may arise between the two entities regarding the terms of the investments and the enforcement of the entities’ respective rights therein. While CLO Advisors and its affiliates each have policies and procedures in place to mitigate the inherent conflict of interest such transactions present, these policies and procedures will not altogether eliminate such conflicts.

Trading by the CLO Advisors' Affiliates

CLO Advisors' affiliates may trade securities for their own accounts. The records of such trading will not be made available to Clients. It is possible that CLO Advisors' affiliates (including their principals, officers or employees) may buy or sell securities or other instruments that CLO Advisors has recommended to the Clients, and may engage in transactions for their own accounts in a manner that is inconsistent with CLO Advisors' recommendations. Personal securities transactions by employees may raise potential conflicts of interest when such persons trade in a security that is owned by, or considered for purchase or sale for, a client. CLO Advisors and its affiliates each have adopted policies and procedures designed to detect and prevent such conflicts of interest and, when they do arise, to ensure that it effects transactions for clients in a manner that is consistent with their respective duties to their clients and in accordance with applicable law. In compliance with these policies and procedures, transactions in certain securities described therein are required to be pre-cleared to allow for a review for any potential conflict of interest or insider trading. Employees of CLO Advisors and its affiliates are also required to report personal securities transactions either electronically or via a monthly (or as generated, e.g., quarterly) duplicate statement sent directly from the corresponding brokerage firm.

The Investment Adviser as Principal

The Adviser does not act as principal, either buying securities for itself or its affiliates from a Client or selling securities it or its affiliates own to a Client. However, in the event that the Adviser decides to engage in any such principal transaction in the future, it will comply with the requirements of Section 206(3) of the Advisers Act and Section 25235(c) of the California Corporate Code by: (i) disclosing to the Client in writing the material terms of the transaction; and (ii) obtaining the written consent of the Client for such transaction. The Adviser will include in such disclosure: (1) its capacity as principal; (2) the cost to the Adviser of the security, in the case of a sale to a Client, or the price of the security in a resale, in the case of a purchase from a Client; and (3) the best price at which the transaction could be effected by or for the Client elsewhere if such price is more advantageous to the Client than the purchase or sale with the Adviser. Canyon does not anticipate engaging in such transactions when the Adviser may make a trading profit.

Gifts and Business Entertainment

In the normal course of business, CLO Advisors and its officers and employees may provide and/or receive gifts or business entertainment to/from certain individuals and/or entities such as clients, investors, vendors, consultants, and service providers. Any such gift or business entertainment is not premised upon any specific client referral or any expectation of any other type of benefit to CLO Advisors. CLO Advisors has adopted formal policies and procedures requiring preapproval and recordkeeping of certain gifts and business entertainment.

Political Contributions

CLO Advisors and its principals and employees may also make political contributions to persons who may serve or seek to serve in elected capacities with certain public entities. Any such political contributions are permitted only to the extent such contributions are in accordance with CLO Advisors' policies and procedures regarding political contributions and do not violate the SEC's rule prohibiting pay-to-play activities adopted under Rule 206(4)-5.

Brokerage Practices

Execution Quality

In placing purchase and sale orders of securities for Clients, CLO Advisors' policy is to seek the best execution of orders at the most favorable price in light of the overall quality of brokerage and research services provided. In selecting brokers to effect portfolio transactions, the determination of what is expected to result in best execution at the most favorable price involves a number of largely judgmental factors, including the broker's efficiency in executing and clearing transactions, block trading capability, and the broker's financial strength and experience in the industry. Primary market makers are used for transactions in the over the counter market except in those instances where CLO Advisors believes more favorable execution or price is obtainable elsewhere.

Each Client is responsible for the payment of standard custodian fees for the custody of its assets. Custodian fees are paid at market rates and are not material to the Client. Each Client incurs standard transaction costs associated with acquiring and selling securities and the brokerage commissions are negotiated at arm's length on behalf each Client. CLO Advisors will not receive any rebates in respect of brokerage commissions or custody fees.

In allocating brokerage business for its clients, CLO Advisors also takes into consideration research, analytical, statistical and other information and services provided by the broker. While CLO Advisors believes these services have value, they are considered supplemental to its own efforts in the performance of its duties to its advisory clients.

Trading and Soft Dollar Arrangements

CLO Advisors does not intend to use soft dollars to pay for third-party research or other third-party products. Furthermore, CLO Advisors will not enter into any third-party soft dollar arrangements without the express approval of its Chief Compliance Officer. CLO Advisors' Clients do pay bundled commission rates and CLO Advisors receives proprietary research from many of its executing brokers and prime brokers. As a result, CLO Advisors may pay a broker a brokerage commission in excess of that which another broker might have charged for effecting the same transactions, in recognition of the value of the brokerage and research services provided by the broker and used by a Client. In such circumstances, CLO Advisors endeavors to do so in accordance with the criteria of Section 28(e) of the Exchange Act ("Section 28(e)"). CLO Advisors may also occasionally direct transactions effected on a principal basis to brokers in recognition of the research services provided by that broker. CLO Advisors believes that in certain circumstances it may be important to its investment decision-making processes to have access to independent research. Some research services furnished by brokers and dealers with whom CLO Advisors effects securities transactions may be used in servicing all of its Clients and not all such services may be used in connection with all Clients who paid commissions to the brokers providing such services.

Generally, research services provided by brokers may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data, and meetings arranged with corporate and industry spokespersons, economists, academicians, and government representatives.

Subject to best execution, CLO Advisors may effect transactions with certain brokers primarily in consideration for providing research services. CLO Advisors may allocate brokerage to such firms; provided that the value of any research and brokerage services is reasonable in relationship to the amount of commission paid. While CLO Advisors tracks internally the amount of commissions paid to various brokers, in no case will CLO Advisors make binding or informal commitments as to the level of brokerage commissions it will allocate to a broker.

If CLO Advisors itself enters into a formal soft dollar arrangement to receive a mixed use product (a product that provides both Section 28(e) eligible research/brokerage functions as well as other functions), it will make a good faith allocation between the research/brokerage functions and non-research/brokerage functions, and will pay for any non-research/brokerage functions with cash. In making good faith allocations between such functions, a conflict of interest may exist by reason of CLO Advisors' allocation of the costs of such benefits and functions between those that primarily benefit CLO Advisors and those that primarily benefit its clients.

Trade Error Policy

The Adviser attempts to minimize trade errors by taking the utmost care in making and implementing investment decisions on behalf of client accounts. The Adviser has controls and procedures in place designed to detect and correct in a timely manner any trade errors that may occur. Trade errors are documented and reported to the Adviser's supervisory personnel, and trade errors are reviewed to assess whether an error was a result of a weakness in internal procedures and controls. If it is determined that a weakness in internal controls caused or contributed to the error, mitigating controls are established to rectify the identified control weakness.

Unless the Adviser has specifically addressed trade errors in the investment advisory/collateral management agreement or similar agreement with a Client, it is the Adviser's policy generally not to reimburse Clients for any errors or mistakes with respect to the Adviser's placing or executing trades for the Client, as such errors are considered by the Adviser to be a cost of doing business. However, pursuant to the pertinent investment management/collateral management agreement's exculpation of liability and indemnification provisions, the Adviser will be obligated to reimburse the Client for any trade error resulting from the Adviser's gross negligence or willful misconduct. The Adviser, subject to its fiduciary obligations, will determine whether or not any trade error is required to be reimbursed in accordance with this policy. Any positive trade errors will be for the benefit of the Client and not retained by the Adviser.

Allocation of Investment Opportunities

CLO Advisors attempts to act in a fair and reasonable manner in allocating investment and trading opportunities among Clients. CLO Advisors' allocation procedures seek to allocate investment opportunities among the accounts over time on a fair and equitable basis, considering both the best interests and specific restrictions of the accounts. CLO Advisors intends to ensure that each investment is appropriate for each account in light of the characteristics of the specific security and the overall portfolio composition of such account. Although the allocation of investment opportunities among Clients may create potential conflicts of interest because of the interests of CLO Advisors or because CLO Advisors may receive different fees or compensation from its Clients, the allocation decisions will not be based on such interests, fees or compensation.

Within the overall parameters, consideration is given to account investment objectives, strategies and guidelines, account constraints and restrictions, account size, diversification, cash availability (including anticipated contributions and redemptions), liquidity constraints, tax issues, exposure to asset classes, ramp-up or ramp-down status, investment time horizon and other factors, including, where appropriate,

the value of having round lots in the portfolio. CLO Advisors will not be obligated to allocate an investment opportunity across all of its Clients and may at times sell a portion (or all) of an investment for one or more of its Clients, while it continues to hold the same investment for other Clients. For example, Allocations of new issues will generally be made among eligible Clients based on a variety of factors that include but are not limited to settlement costs, administrative fees and CLO coverage tests. As a result, CLO Advisors may over allocate certain trades to such accounts including new issue securities that are bought and sold on the initial offering day – with the goal being to allocate trades in a fair and equitable manner over time.

Due to the investment guidelines of CLO Advisors' Clients, such Clients will not participate in equity IPOs.

From time to time, CLO Advisors may recommend securities to one or more accounts and it or its affiliates may purchase securities for their own accounts as well. Conflicts of interest may arise among the accounts, or among CLO Advisors and the accounts, or as a result of some other securities investment activity or business in which one or more accounts may be engaged. In addition, CLO Advisors is not obligated by contract to buy, sell or recommend for an account any security or other investment that may be bought, sold or recommended for any other accounts.

On occasions where a number of accounts and affiliates are attempting to purchase the same securities, CLO Advisors may aggregate orders to purchase or sell securities with those of its other accounts in order to facilitate execution and minimize transaction costs. CLO Advisors receives no additional compensation or remuneration for such aggregation. The manner of aggregation is consistent with CLO Advisors' duty to seek best execution for its accounts and with the terms of its investment advisory/collateral management agreements. Each account participates in aggregated orders at the average share price for each completed transaction in a security with a given broker on a given business day, with transaction costs borne by each account participating in the transaction. If all such orders cannot be fully executed under prevailing market conditions, CLO Advisors allocates on an equitable basis among all of its accounts the purchases or sales which can be made after taking into account the size of the order placed for the various accounts and such other factors as it deems appropriate. In some cases, this procedure may adversely affect the price paid or received by CLO Advisors' accounts or the size of the position obtained by such accounts. In addition, due to certain minimum investment thresholds, certain smaller accounts may not participate in all transactions. This may, over time, result in such accounts holding fewer overall positions than larger accounts.

CLO Advisors and its affiliates will cause the accounts to share on a fair and equitable basis in the legal fees and other expenses incurred from investigating and negotiating potential transactions for the accounts, whether or not such transactions are consummated. In loan transactions sourced by CLO Advisors and its affiliates, CLO Advisors may serve as agent at no additional cost to the accounts.

Review of Accounts

Client accounts are reviewed and monitored on routine basis by senior management. Reviews may be triggered by, among other factors, changing market conditions, news concerning specific holdings, or at the request of a Client.

CLO investors (both note and subordinated note holders) receive a monthly trustee report detailing the portfolio and all related portfolio metrics and guidelines. CLO investors also receive a quarterly trustee report detailing all cash flows.

Client Referrals and Other Compensation

From time to time, CLO Advisors enters into arrangements with third parties whereby CLO Advisors compensates such third parties for referring clients or investors to CLO Advisors. To the extent required by applicable law or CLO Advisors' internal procedures, CLO Advisors will only enter into an arrangement if the client/investor is aware of the fee arrangement and the arrangement is in compliance with applicable rules and regulations. CLO Advisors will furnish each such client/investor with a current copy of the Adviser's written disclosure statement and the solicitor's written disclosure document and CLO Advisors will receive from any such client/investor a written confirmation of receipt of such documents, to the extent required by applicable law.

In addition, CLO Advisors' executing brokers, from time to time, refer to CLO Advisors potential clients/investors or arrange for meetings with potential clients/investors who are also often clients of the broker. While this may create a potential conflict of interest, capital introduction is not a consideration when executing trades. While the meetings may be arranged by the brokers, there is no guarantee that the clients/investors will invest with CLO Advisors. Other than the standard commission rates paid by CLO Advisors' Clients, the brokers do not receive any compensation, directly or indirectly, for the meetings or the subsequent investments, if any. CLO Advisors does not select or recommend broker-dealers based upon client referrals from a broker-dealer or third party. **Clients do not direct brokerage.**

Investment Discretion

CLO Advisors provides (accepts) advisory services on a fully discretionary basis. Clients (but generally not investors) are permitted to place limits on this discretion or with respect to certain investments and/or investment types. Prior to accepting this authority, CLO Advisors will enter into an advisory agreement and/or a collateral management agreement with the client.

Neither CLO Advisors nor any of its affiliates, principals or employees is required to devote full time to managing any single Client. They may conduct other businesses and provide investment advisory services to other clients, including, without limitation, other affiliated investment funds and managed accounts (such as corporate or governmental benefit plans, institutional investors and high net worth individuals), some of whom may have objectives similar to those of other Clients. They may give advice and make recommendations to such other Clients, which may be the same, similar to or different from those rendered to another Client. The compensation arrangements with other clients may create incentives for CLO Advisors or its principals or employees to favor such other clients. However, CLO Advisors will not knowingly or deliberately favor any Client over another Client as result of different compensation arrangements. Decisions affecting one Client may be made independently from such other Clients.

Class Actions

Unless otherwise specifically prohibited in the investment advisory/collateral management agreement, CLO Advisors may, at its sole discretion, file proofs of claims in relation to class actions. CLO Advisors will generally participate and file the necessary claim forms through the use of an unaffiliated third-party service provider. The service provider receives a contingency fee and is not compensated unless a recovery is obtained. CLO Advisors will periodically review this process to determine if the cost associated with such filings exceeds the benefits.

Voting Client Securities

Generally, CLO Advisors has authority to vote its Client's proxies (unless a Client retains authority pursuant to its advisory or collateral management agreement with CLO Advisors). CLO Advisors has adopted formal written Proxy Voting Policies and Procedures (the "Proxy Policy"). Clients may obtain a copy of CLO Advisors' proxy voting policies and procedures and information on how the Client's securities have been voted upon the Client's request, free of charge from our CCO upon request.

CLO Advisors shall vote proxies in a manner that is in the best interest of the Client. CLO Advisors shall consider only those factors that relate to the Client's investment or dictated by the Client's written instructions, including how the result of the requested vote will economically impact and affect the value of the Client's investment. In voting on each and every issue, CLO Advisors and its employees shall vote in a prudent and timely fashion and only after a careful evaluation of the issue(s) presented on the ballot.

CLO Advisors has hired Institutional Shareholder Services Inc. ("ISS") to assist in coordinating its voting of proxies and to provide certain record keeping services. ISS does not vote proxies for CLO Advisors, but does inform CLO Advisors about upcoming proxies related to the securities held by its Clients.

Most of the securities held for Clients constitute a small percentage of the ownership of the issuer of such securities, therefore CLO Advisors does not expect such issuers to be impacted by its Clients' proxy votes related to such securities. Accordingly, CLO Advisors has determined that its Clients' interests will not be impacted by such proxy votes and that the benefits to its Clients related to any such vote would be small and the costs associated with investigating how best to vote such proxies would exceed such benefits. Consequently, CLO Advisors will not vote or evaluate proxies relating to a security if its Client is a beneficial owner of no more than one percent (1%) of the outstanding securities of such issuer. If, however, CLO Advisors believes that the subject matter of a proxy for any such security may nonetheless be material to a Client's account and that the vote may impact the outcome of such vote, CLO Advisors will vote the proxy in a manner that is in the best interest of its Client. Notwithstanding anything to the contrary in the forgoing, CLO Advisors will vote a proxy as dictated by any Client's written instructions. Additionally, certain of its Clients have securities lending agreements with their prime broker/custodian and for purposes of determining whether Clients are a beneficial owner of more than 1% of the outstanding securities of an issuer, CLO Advisors will not include securities that are on loan as CLO Advisors does not have the ability to vote such proxies.

CLO Advisors will evaluate proxies relating to a security if the Client is the beneficial owner of more than one percent (1%) of the outstanding securities of such issuer and has the right to vote securities (which it may not possess if the securities are loaned out). CLO Advisors will vote these proxies in a manner that is in the best interest of the Client. CLO Advisors shall consider only those factors that relate to the Client's investment or dictated by the Client's written instructions, including how the result of the requested vote will economically impact and effect the value of the Client's investment (keeping in mind that, after conducting an appropriate cost-benefit analysis, avoiding further expense and investigation and not voting at all on a presented proposal may be in the best interest of the Client). In voting on each and every issue, CLO Advisors will vote in a prudent and timely fashion and only after a careful evaluation of the issue(s) presented on the ballot.

In exercising its voting discretion, CLO Advisors and its employees will seek to avoid any direct or indirect conflict of interest raised by such voting decision. CLO Advisors will provide adequate disclosure to its Clients if any substantive aspect or foreseeable result of the subject matter to be voted upon raises an actual or potential conflict of interest to CLO Advisors or any of its affiliates. After informing a Client of any potential conflict of interest, CLO Advisors will either request such Client's consent to CLO Advisors' vote

recommendation or request that such Client vote the proxy directly or through another designee. If the Client is unreachable or the Client has not affirmatively responded before the response deadline for the matter being voted upon, CLO Advisors may: (a) engage a non-interested party to independently review its vote recommendation if the vote recommendation would fall in favor of its interest (or the interest of its affiliate), to confirm that the vote recommendation is in the Client's best interest under the circumstances; (b) cast its vote as recommended if the vote recommendation would fall against its or its affiliate's interest and such vote recommendation is in the Client's best interest under the circumstances; or (c) abstain from voting if it determines that such action is in its Client's best interest under the circumstances.

CLO Advisors may also exercise voting and/or consent rights with respect to fixed income securities, including but not limited to, plans of reorganization, and waivers and consents under applicable indentures, consent rights that primarily entail decisions to buy or sell investments, such as tender or exchange offers, conversions, put options, redemption and Dutch auctions.

With respect to the exercising of such voting and/or consent rights, CLO Advisors considers each proposal regarding a fixed income security on a case-by-case basis taking into consideration any relevant financial implications, contractual obligations as well as other relevant facts and circumstances at the time of the vote.

Financial Information

CLO Advisors does not require or solicit pre-payment of advisory fees. There are no financial conditions that are reasonably likely to impair CLO Advisors' ability to meet its contractual commitments to Clients.