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## Redding Ridge Asset Management LLC

### FORM ADV PART 2A

March 31, 2023

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**This brochure (the “Brochure”) provides information about the qualifications and business practices of Redding Ridge Asset Management LLC. If you have any questions about the contents of this Brochure, please contact (212) 515-3200. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about Redding Ridge Asset Management also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Redding Ridge Asset Management LLC is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.

## **ITEM 2**

### **Material Changes**

Redding Ridge Asset Management LLC (“RRAM,” “Redding Ridge,” “Redding Ridge Asset Management,” or the “Adviser”) routinely makes changes throughout its Brochure to improve and clarify the descriptions of its and its affiliates’ business practices and compliance policies and procedures or in response to evolving industry and firm practices.

Set out below are those changes that RRAM believes reflect material changes since its last annual update of this Brochure on March 31, 2022:

- Item 8 has been updated to reflect additional risk disclosures primarily relating to interest rate fluctuations, loan prepayments, amendments to underlying assets, refinancings, non-US investments, and benchmark rates.
- Item 10 has been updated to describe additional information concerning conflicts posed by the Adviser’s affiliation with Apollo (as defined herein).

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## **ITEM 4**

### **Advisory Business**

Redding Ridge Asset Management is a Delaware series limited liability company that commenced operations in August 2016. The Adviser is wholly owned by Redding Ridge Holdings LP (“Holdings”), a Cayman Islands exempted limited partnership. Holdings is an affiliate of Apollo Global Management, Inc. (“AGM,” and together with its subsidiaries, “Apollo”). AGM is a Delaware corporation that is publicly listed on the New York Stock Exchange (“NYSE”) under the symbol “APO.” As discussed throughout this Brochure, Redding Ridge currently provides investment advisory services on a discretionary basis to its clients, which include certain collateralized loan obligations (“CLOs”) and warehouse vehicles (“CLO Warehouses,” and together with CLOs, “Clients”).

Generally, Clients managed by the Adviser are organized in the Cayman Islands, Bermuda, United States (“US”) or the European Union (“EU”) and rely on Section 3(c)(7) of the Investment Company Act of 1940 (the “1940 Act”), or other applicable exceptions or exemptions under the 1940 Act, as the basis for their exemption from the registration requirements of the 1940 Act.

The Adviser’s Clients directly or indirectly invest primarily in senior secured bank loans, leveraged loans to corporate borrowers, bonds and other assets. The Adviser’s objective in managing Clients’ investment portfolios is generally to achieve preservation of principal and above average returns via income and capital appreciation.

#### **Investment Advisory Relationship with the CLOs**

The advisory relationship between Clients and Redding Ridge is governed by respective collateral management agreements (each, a “Management Agreement”) and the terms of other relevant governing documents. The Management Agreements are generally not negotiated at arm’s length because they are between related parties and, as such, their terms, including the fees payable to Redding Ridge, might not be as favorable as if they had been negotiated with an unaffiliated, unrelated third party.

In connection with providing investment management services, Redding Ridge Asset Management is appointed as an investment adviser with discretionary trading authorization. In addition to Clients’ investments in primarily senior secured bank loans, Redding Ridge Asset Management, either directly or indirectly through a special purpose vehicle, engages in total return swaps on behalf of Clients. In connection with certain investments, Redding Ridge Asset Management employs hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange rates, including, but not limited to, the use of interest rate swaps, credit derivative swaps, forward contracts, commodities or commodities futures, put and call options, floors, collars and other similar arrangements.

While at this time, the Adviser only manages assets on behalf of the Clients, in the future Redding Ridge Asset Management can also provide investment management services to additional CLOs or pooled investment vehicles that are offered to investors on a private placement basis without consulting existing Clients. Redding Ridge Asset Management also offers structuring and/or capital markets advice on a non-discretionary basis to affiliates, including Apollo and vehicles managed or advised by Apollo, and their respective portfolio companies, and third-party clients. Such other

clients could have investment policies similar to (or different from) those of the Adviser's Clients, and advice provided to other clients can differ from, or be similar to, advice provided to a Client and such other clients often can invest in securities or other obligations of the same class or type as those held by the Clients. See Item 10 for additional detail regarding services provided to Redding Ridge Asset Management and/or Apollo-affiliated or third-party clients.

Except in limited circumstances, Redding Ridge Asset Management has full discretionary authority with respect to the investment decisions of advisory Clients; however, advice is provided in accordance with the investment objectives and guidelines set forth in each Client's governing documents and investment guidelines.

***The information provided in this Brochure about the investment advisory services provided by Redding Ridge Asset Management is intended to describe the services of the Adviser but each Client is governed by their relevant governing documents and offering materials. The offering documents for each CLO should be read carefully prior to investment. No offer to sell interests is made by the descriptions in this Brochure. Investments in Clients are available only to investors that are properly qualified.***

As of December 31, 2022, Redding Ridge Asset Management had approximately \$14,032,412,171 in regulatory assets under management, all on a discretionary basis.

## **ITEM 5**

### **Fees and Compensation**

#### **Management Fees**

Redding Ridge Asset Management receives management fees in connection with the investment management services it provides to Clients and also receives performance fees, carried interest or other incentive compensation related to the performance of each Client. Such management fees, carried interest, performance fees or other compensation generally are negotiable and established at the beginning of the advisory relationship with each Client. Specific details of payment terms and compensation, including its method of calculation, are set out in Client offering materials, indentures, disclosure documents, Management Agreements and other constituent documents. Such compensation is sometimes negotiated with strategic partnerships, managed accounts and other investors in certain circumstances. Management fees (and other fees described herein) are subject to waiver or rebate at the Adviser's discretion.

#### **CLO Management Fees**

Management fees are generally structured with a portion of such fee payable as a senior management fee and a portion payable as a subordinated management fee. Management fees are typically payable quarterly in arrears, deducted from each CLO's account and dependent in part on certain cash distribution constraints set forth in the governing documents for each CLO. In lieu of subordinated management fees, Redding Ridge Asset Management could instead take the equivalent of such fees in the form of notes issued by a CLO ("performance notes").

When the Adviser enters into a side letter or other agreement that offers preferential terms to a Client or investor, that Client or investor will enjoy more favorable economic (or other) terms than its peers. The Adviser is not obligated to inform other Clients or investors of any particular fee arrangements or other preferential terms or offer similar arrangements or terms of any other Client or investor, unless the Adviser has otherwise agreed to do so. Collateral management fees for CLOs are payable only to the extent that funds are available in accordance with the priority of payments described in the CLOs' indentures. Management fees are typically payable quarterly in arrears and are deducted from each applicable Client's account.

### **CLO Performance Fees**

Redding Ridge Asset Management can also receive incentive fees as set forth in a Client's governing documents. Incentive fees are only payable to the extent that funds are available for such purpose and certain performance hurdles are met on each payment date in accordance with the priority of payments described in governing indentures. In lieu of incentive fees, Redding Ridge Asset Management could instead receive a profits interest in the form of notes issued by a CLO that entitle it to receive a stream of income above a specified internal rate of return by the subordinated debt holders of the CLO ("preferred notes").

All performance-based compensation payable to the Adviser is consistent with the requirements of Section 205 of the Advisers Act and, as applicable, Rule 205-3 thereunder. Performance-based compensation is typically payable to the Adviser quarterly, or more frequently, in arrears, and deducted from each applicable Client's account and dependent in part on certain cash distribution constraints set forth in the constituent documents for each Client.

### **CLO Warehouse Fees**

As negotiated on a deal-by-deal basis, Redding Ridge Asset Management can also receive management fees payable under CLO Warehouse documents and/or structuring fees or "warehouse success fees" (collectively, "CLO Warehouse Fees"). Frequently, and at its sole discretion, Redding Ridge Asset Management foregoes charging any CLO Warehouse Fees to facilitate the closing of the CLO. However, CLO Warehouse Fees can include fees similar to the above-described management fees and incentive fees, as well as certain other fees negotiated in connection with a CLO payoff of such warehouse facility, in each case as described in the transaction documents for a warehouse facility.

### **Other Fees and Expenses Charged to CLOs**

In accordance with the terms of governing Management Agreements with the CLOs and applicable indentures, the CLOs generally reimburse certain out-of-pocket expenses related to the services provided by Redding Ridge Asset Management and third parties.

*Organizational Expenses.* Each CLO typically pays or otherwise bears all fees, costs, expenses and other liabilities incurred in connection with the formation and organization of such CLO and/or investment manager, including commissions, costs and all out-of-pocket legal, accounting, filing, capital raising, printing, electronic database, travel (including expenses for the use of private aircraft, first class or business class travel), accommodation, meal and other similar or related fees, costs and

expenses (collectively, the “Organizational Expenses”). Fees, costs and expenses will differ in each CLO and are set forth in its governing documents including the offering memorandum.

*Operating Expenses.* Each CLO, subject to its governing documents, typically pays or otherwise bears all of the direct and indirect fees, costs, expenses and other liabilities or obligations resulting from or arising in connection with its operations (collectively, the “Operating Expenses”). The Operating Expenses and/or Organizational Expenses of a particular CLO are set forth in its governing documents and can include, without limitation, the following fees, costs and expenses related to or arising from:

- (i) the discovery, investigation, impact assessment, development, acquisition or consummation, structuring, ownership, maintenance, monitoring, hedging, portfolio and risk management, or disposition of portfolio investments, which includes:
  - brokerage commissions;
  - clearing and settlement charges;
  - private placement fees;
  - syndication fees;
  - solicitation fees;
  - arranger fees;
  - sales commissions;
  - pricing and valuation fees (including appraisal fees);
  - impact consulting fees;
  - research fees;
  - underwriting commissions and discounts;
  - interest and commitment fees;
  - transaction fees;
  - breakup fees;
  - investment banking fees;
  - deposits (including earnest money deposits);
  - advisory fees;
  - bank charges;
  - other investment costs and expenses related to closing, execution, consent and transaction costs;
  - deposits (including earnest money deposits);
  - custodial, depositary, trustee, transfer agent, recordkeeping and other administrative fees, costs and expenses;
  - origination fees;
  - commitment fees; and
  - collateral management fees, facility fees, float fees or similar or related fees;
- (ii) services rendered to, or in connection with financing provided to, issuers of securities (such as arranger, brokerage, placement, syndication, solicitation or underwriting, agency, origination, collateral management or other fees, discounts, spreads, commissions and concessions) paid to (x) a service provider to Redding Ridge Asset Management or its subsidiaries other than AGM (together with its affiliates and the

subsidiaries, accounts or funds managed by AGM or such subsidiaries or affiliates, including Apollo Global Securities, LLC (“AGS”), collectively, the “AGM Group”) and certain CLOs for services rendered to, or in connection with, financing provided to issuers of financial instruments (each, an “Affiliated Service Provider”) or (y) another person with respect to services rendered by such Affiliated Service Provider to any member of Redding Ridge Asset Management or its subsidiaries (other than the AGM Group);

- (iii) any investments and/or securities that are managed by the manager of such CLO or any of their affiliates (including an investment in another CLO) that are acquired by such CLO (including management fees, operating expenses, incentive allocation and/or carried interest);
- (iv) any indebtedness, credit facility, subscription line facility, guarantee, line of credit, loan commitment, letter of credit, equity commitment letter, hedging guarantee, or similar credit support or other support or other indebtedness or performance-related guarantee or other obligation (including key principal, “bad acts” or other performance-related matters), in each case, one or more other similar financing transactions involving such Client and/or any investment;
- (v) the evaluation of potential portfolio investments regardless of whether any such investment is ultimately consummated (including any broken-deal expenses and reverse break-up fees);
- (vi) attending conferences in connection with the evaluation of future portfolio investments or business sector opportunities (including the evaluation of potential portfolio investments, irrespective of whether any such investment is ultimately consummated), organizational memberships with impact-focus groups and compliance with any impact initiatives or principles;
- (vii) risk management assessments and analysis of such CLO’s assets;
- (viii) any other expenses of investments that are not consummated, such as certain advisory, transaction, closing, consulting and other similar or related fees paid to the manager of such CLO or such manager’s affiliates and other persons;
- (ix) any travel-related expenses related to or arising from the discovery, investigation, development, acquisition, consummation, ownership, maintenance, monitoring, hedging or disposition of investments, including potential investments (which could include travel expenses for the use of private aircraft, first class or business class travel or may, on occasion include non-commercial planes at the available charter rate);
- (x) taxes and other governmental charges incurred or payable by such CLO;
- (xi) the services of actuaries, accountants, advisers, auditors, administrators, brokers (including prime brokers), counsel, custodians, valuation experts and other service providers that provide services to, or with respect to, such CLO and legal expenses



incurred in connection with potential, threatened, or existing claims or disputes related to one or more actual, unconsummated or proposed investments;

- (xii) the services of professionals (including any industry executives, advisers, consultants, operating executives, subject matter experts or other persons acting in a similar capacity) who provide services to such CLO or its investments or to issuers of securities;
- (xiii) obtaining research and other information for the benefit of such CLO, including information service subscriptions, as well as expenses incurred to operate and maintain market information systems and information technology systems used to obtain such research and other information (such as phone and internet charges);
- (xiv) developing, implementing or maintaining computer software and technological systems for the benefit of such CLO, its investors or its investments (including potential portfolio investments);
- (xv) maintaining such CLO and any of its subsidiary entities, including fees, costs and expenses incurred in the organization and restructuring of such subsidiary entities;
- (xvi) insurance allocated to such CLO (including Redding Ridge Asset Management's group insurance policy, general partners', directors' and officers' liability or other similar insurance policies, errors and omissions insurance, financial institution bond insurance and any other insurance for coverage of liabilities to any person that are incurred in connection with activities of such CLO), litigation expenses (including expenses incurred in connection with the investigation, prosecution, defense, judgment or settlement of litigation) and other extraordinary expenses (including fees, costs and expenses that are classified as extraordinary expenses under US Generally Accepted Accounting Principles);
- (xvii) preparation of all reports to such CLO's investors or advisory board (including all fees, costs and expenses incurred to audit such reports, provide access to a database or other internet forum and for any other operational, legal, secretarial or postage expenses relating thereto or arising in connection with the distribution of the same) and any other financial, tax, accounting or fund administration reporting functions (including expenses associated with the preparation of financial statements, tax returns and Internal Revenue Service Schedules "K-1", or any successors thereto, and the tax matters partner's representation of such CLO or its investors);
- (xviii) the holding of any meetings of the CLO, including the CLO's investors, advisory board, board of directors or conflicts review agent (including expenses for airfare, accommodations, meals, events, entertainment and other similar or related fees, costs and expenses in connection with any such meetings);
- (xix) such CLO's indemnification obligations (including any fees, costs and expenses incurred in connection with indemnifying covered persons consistent with such CLO's governing documents, and advancing fees, costs and expenses incurred by any such covered persons in defense or settlement of any claim that could be subject to a right of indemnification under such CLO's governing documents);

- (xx) compliance with any applicable law, rule or regulation or directive, including the EU Securitization Laws (as defined in Item 8), the EU's Alternative Investment Fund Managers Directive ("AIFMD") or any other regulatory requirement (including regulatory filings, "blue sky" filings and related out-of-pocket or other expenses of such CLO, its board of directors or similar person and/or investment adviser, including any compliance or filings related to any such law, regulation or directive) and expenses related to, or in connection with, any governmental inquiry, investigation or proceeding involving such CLO (including the amount of any judgments, settlements or fines paid in connection therewith), which include legal fees, costs and expenses, a sale, assignment, pledge or transfer of an investor's interest in such CLO or an investor's withdrawal or admission or acquisition of interests as permitted under such CLO's governing documents (but only to the extent not paid by the investor and/or the purchaser, assignee, pledgee or transferee, as applicable);
- (xxi) any amendments, modifications, revisions or restatements to the governing documents of such CLO and/or investment adviser;
- (xxii) such CLO's borrowings and indebtedness (including the fees, costs and expenses incurred in obtaining lines of credit, loan commitments and letters of credit for the account of such CLO), securing the same by mortgage, pledge or other lien on any assets of the CLO or otherwise encumbering assets in connection with or in furtherance of the acquisition of all or a portion of or the financing of an investment;
- (xxiii) administering and operating such CLO, preparing and maintaining the books and records of such CLO, including internal costs that the manager of such CLO could incur to produce such CLO's official books and records, external costs in cases where the manager hires a third-party administrator to maintain such CLO's official books and records and any costs of the manager to oversee and manage such third-party administrator and any special purpose vehicles, including fees and expenses incurred in the organization of special purpose vehicles (including costs associated with establishing and maintaining a place of business in certain jurisdictions such as rent for office space, related overhead and employee salaries and benefits);
- (xxiv) the dissolution, winding up and termination of such CLO (including any compensation to a liquidator);
- (xxv) such CLO's subsidiary entities; and
- (xxvi) such CLO's investors that are feeder funds or conduit vehicles that are: (a) formed for the purpose of investing in the CLO; and (b) not affiliates of Redding Ridge Asset Management.

The foregoing categories of fees, costs, expenses and other liabilities can be provided or performed by a person or entity associated with the CLO (such as the general partner (or similar person) of such CLO, the Adviser or any of their respective affiliates) or is a third party. Any person associated with the CLO is entitled to reimbursement from such CLO or its portfolio investment for any Organizational Expenses or Operating Expenses paid and/or incurred by them on behalf of such

CLO. Redding Ridge Asset Management has discretion to seek reimbursement for Organizational Expenses and Operating Expenses or to choose not to seek reimbursement from certain CLOs. If any service provider (including Redding Ridge Asset Management itself) provides services to a CLO on the premises of Redding Ridge Asset Management or its affiliates, such CLO will in some cases be responsible for any overhead, rent or other fees, costs and expenses charged by Redding Ridge Asset Management or its affiliates in connection with the on-site arrangement. All fees, costs and expenses incurred by Redding Ridge Asset Management employees for travel, accommodations, meals, events, entertainment and other similar or related fees, costs and expenses are subject to applicable travel and expense reimbursement policies and procedures that have been adopted and are consistent with the disclosures in this Brochure.

### **Other Fees and Expenses for Clients; Allocation; and Services from Affiliates**

Redding Ridge Asset Management or its affiliates (including the AGM Group) will from time to time enter into arrangements with service providers that provide for fee discounts for services rendered to Redding Ridge Asset Management and its affiliates. For example, certain law firms retained by the Adviser or its affiliates (including the AGM Group) discount their legal fees for non-investment transaction legal services, such as legal advice in connection with firm operational, compliance and related matters. To the extent such law firms also provide legal services to the Adviser's Clients with respect to such matters, such Clients also enjoy the benefit of the fee discount arrangements. Legal services rendered for investment transactions, however, are typically charged to the Adviser, its affiliates and Clients without a discount or at a premium. Legal fees for transactions that are not consummated are also typically charged at a discount.

*Allocation of Other Fees and Expenses.* Redding Ridge Asset Management and its affiliates from time to time incur fees, costs and expenses on behalf of more than one Client. To the extent such fees, costs and expenses are incurred for more than one Client, each Client bears a portion of any such fees, costs and expenses generally in proportion to the size of its investment in the activity or entity to which the expense relates (subject to the terms of each Client's applicable governing documents) or in such manner as the Adviser in good faith determines is fair and equitable. Although the Adviser endeavors to allocate such fees, costs and expenses in good faith over time, there can be no assurance that such fees, costs and expenses will in all cases be allocated proportionately, and the Adviser is incentivized to designate expenses as Organizational Expenses or Operating Expenses so that the Client and not the Adviser bears the expense.

*Other Fees and Expenses due for Services from the AGM Group.* Numerous entities affiliated with the AGM Group provide services to Redding Ridge Asset Management and its direct owner. Such services can include: (i) identifying potential investment opportunities within the specific investment and business strategies of the Clients that Redding Ridge Asset Management manages; (ii) providing research, assessments and other information on potential investment opportunities; (iii) passing along information that was provided from third parties with respect to potential investment opportunities; and (iv) providing middle, back-office and other administrative services, including, but not limited to, supporting legal, tax, compliance and risk functions. Redding Ridge Asset Management, Redding Ridge Holdings LP and the Clients in which they invest bear fees, costs and expenses in connection with these services. In consideration for providing such services, certain members of the AGM Group are entitled to service fees pursuant to service agreements with Redding Ridge Asset Management and incentive allocations pursuant to the Redding Ridge Holdings LP limited partnership agreement and are entitled to be reimbursed for certain costs and expenses

pursuant to such service agreements and such limited partnership agreement. In connection with such services, the Adviser and its Affiliated Service Providers generally seek to allocate costs (or portions of costs) for such activities to each Client in proportion to the amount of benefit derived or generated for each Client where practicable to do so based on Client-specific work. However, for certain activity-based services (i.e., not Client-specific services), the Adviser and its Affiliated Service Providers do not seek to allocate costs for such activities to each Client in proportion to the amount of benefit derived or generated for each Client. Further, the performance of any functions by Affiliated Service Providers could be in addition to or as an alternative to the outsourcing of any such services to other service providers at market rates, including entities and persons regularly used by the Adviser.

### **Special Fees and Management Fee Offsets**

All consulting or management consulting fees, investment banking fees, advisory fees, break-up fees, directors' fees, closing fees, transaction fees related to the negotiation of the acquisition and financing of portfolio investments and similar or related fees (including interest, commitment fees or other fees received in connection with a bridge financing), whether in cash or in-kind, including options, warrants and other non-cash consideration, in connection with certain CLOs' respective actual or contemplated investments (collectively, "Special Fees") paid to Redding Ridge Asset Management, its affiliates, AGM, or the AGM Group (including Apollo Capital Management, L.P. ("ACM")) with respect to any actual or potential investment by Clients is retained and not reduced or used to offset the amount of any fees otherwise payable to such entities in accordance with the terms of the relevant agreement providing for such fees.

Different Clients could have different terms related to Special Fees and offsets. The Adviser is not required to offer offsetting arrangements to any Client, except as set forth in relevant Client documents, when offering such arrangements to another Client. Where Clients are subject to differential arrangements, the Adviser could have an incentive to favor those Clients who are not subject to offsetting in the allocation of investments.

Clients are generally not required to pay fees, costs or expenses prior to their closing dates and, as a result, Redding Ridge has an incentive to more rapidly invest such CLOs or CLO Warehouses to accelerate its receipt of fees.

### **No Compensation for the Sale of Securities**

In addition, no employee of Redding Ridge Asset Management or its affiliates receives compensation in connection with the sale of interests in Clients.

## **ITEM 6**

### **Performance-Based Fees and Side-By-Side Management**

As discussed in Item 5 above, Redding Ridge Asset Management has received and expects to continue receiving performance fees, carried interest or other incentive compensation from the Clients for which it provides investment advisory services. In addition, as discussed in greater detail in "Risk Retention Information" in Item 8, Redding Ridge Asset Management will from time to time retain an economic interest in certain Clients that it manages.

Performance-based fees and other economic interests create an incentive for Redding Ridge Asset

Management to favor, or to take increased investment risk with respect to Clients for which it receives performance-based fees or has other economic interests than for Clients, if any, where it receives only asset-based fees or no fees. Similarly, Redding Ridge Asset Management has an incentive to favor, or to take increased investment risk with respect to Clients from which it could receive higher performance-based compensation, or has a greater economic interest, over Clients where Redding Ridge Asset Management expects to receive lower performance-based compensation, or where Redding Ridge Asset Management otherwise has a lesser economic interest. Redding Ridge Asset Management has adopted policies and procedures reasonably designed to address these conflicts and to ensure allocation of trades and securities to Client accounts on a fair and equitable basis over time, taking into account each Clients' investment objectives and strategies, as well as other relevant factors including applicable law (as discussed below). See Item 11 for additional discussion of certain policies and procedures designed to mitigate conflicts of interest.

### **Allocation of Investment Opportunities**

Redding Ridge Asset Management is committed to allocating investment opportunities among Clients in a manner that is fair and equitable over time. Redding Ridge Asset Management has established policies and procedures to guide the allocation of opportunities among its Clients. These policies and procedures seek to mitigate the conflicts that arise for Redding Ridge Asset Management with respect to allocation described herein.

An investment opportunity is allocated to a CLO only if the opportunity is deemed suitable by the portfolio manager and the committee that makes decisions with respect to the underwriting and selection of assets purchased or sold for the Clients (the "Credit Investment Committee"), discussed further in Item 11. If an investment opportunity is deemed suitable for two or more CLOs and it is not possible to fully satisfy the investment interest of all relevant CLOs, the investment opportunity is, as a general matter, allocated pro-rata based on the size of each CLOs original investment interest, which is determined generally based on each CLO's available capital or net asset value. However, many other factors can influence order allocation decisions, including each CLO's existing investment portfolio; the size, liquidity and duration of the investment opportunity; the seniority of the loan and other capital structure criteria, tax reasons and regulatory reasons; and other criteria that Redding Ridge Asset Management considers relevant to the reasonable allocation of a particular investment opportunity to and among one or more CLOs. Such considerations could result in allocations of certain investments among CLOs on other than pro-rata bases.

There can be no assurance that the application of Redding Ridge Asset Management's allocation policies will result in the allocation of a specific investment opportunity to a Client or that a Client will participate in all investment opportunities falling within its investment objective.

## **ITEM 7**

### **Types of Clients**

As discussed above in Item 4, Redding Ridge Asset Management provides investment advisory services to CLOs and CLO Warehouses. Investments in Clients is generally only available to: (i) qualified institutional buyers or institutional investors that are “accredited investors” as defined in the Securities Act of 1933 (the “Securities Act”) and “qualified purchasers” as defined in the 1940 Act; or (ii) non-US persons, (as defined in the Securities Act). The Adviser targets a broad range of institutional investors, which can include related entities of Redding Ridge Asset Management or the AGM Group that meet the criteria set forth above.

## **ITEM 8**

### **Methods of Analysis, Investment Strategies and Risk of Loss**

The following is a summary of the investment strategies and methods of analysis generally employed by Redding Ridge Asset Management. Redding Ridge Asset Management can also offer other advisory services, provide advice with respect to other investment strategies and make other investments that are not described in this Brochure if Redding Ridge Asset Management considers it to be appropriate, subject to each Client’s investment objectives and guidelines. Specific descriptions of certain of these strategies and methods are included in governing Client documents. There can be no assurance that the investment objectives of any Client will be achieved.

#### **Methods of Analysis and Investment Strategy**

Redding Ridge Asset Management’s investment strategy focuses primarily on leveraged credit, including senior secured bank loans.

The Adviser conducts investment-related research (and has significant investment-related research prepared by third-party service providers and/or Affiliated Service Providers, including the AGM Group) in respect of prospective investments and dispositions. Depending on the type of prospective investment, such research generally includes, among other things, a review of the company’s financial statements, comparisons with similar public and private companies and analyzing relevant industry data (such as information on customers and suppliers). In conducting such research, Redding Ridge Asset Management or its service providers typically consult the following sources of information: financial newspapers and magazines; inspections of corporate activities; research materials prepared by others; corporate rating services; annual reports; prospectuses; filings with the SEC; company press releases; and any other materials deemed relevant. For individual loans, the Adviser researches credit history; for loan portfolios, Redding Ridge Asset Management researches, among other things, payment and loss history, contractual terms and interest income. Redding Ridge Asset Management or its service providers can engage the services of experts and consultants to supplement their research.

Investments in Clients are only suitable for investors who have knowledge and expertise in financial and business matters and are capable of evaluating the merits and risks of an investment in a Client.

Investments in Clients are highly speculative and could involve the risk of total loss of an investor’s investment.

Investors should be aware that a Client's mandate will generally limit such Client to certain types of investments, and that the Clients are not expected to be broadly diversified. The Clients are generally not intended to provide a complete investment program and Redding Ridge Asset Management expects that the assets it manages do not represent all of the investor's assets. Investors are responsible for appropriately diversifying their assets to guard against the risk of loss.

### **Material Risks Relating to Methods of Investment Analysis**

Redding Ridge Asset Management seeks to conduct reasonable and appropriate due diligence based on the facts and circumstances applicable to each investment. The objective of the due diligence process is to identify attractive investment opportunities based on the facts and circumstances surrounding an investment and to identify possible risks associated with that investment. When conducting due diligence and making an assessment regarding an investment, Redding Ridge Asset Management relies primarily on publicly available information and resources. The due diligence process is at times subjective (such as with respect to newly organized companies for which only limited information is available). Accordingly, Redding Ridge Asset Management's due diligence investigations with respect to any investment opportunity cannot always reveal or highlight all relevant facts (including evidence of fraud) that are necessary or helpful in evaluating such investment opportunity. Redding Ridge Asset Management's due diligence investigations are no guarantee of the success of an investment or that the actual financial performance of an investment will achieve the financial projections used when evaluating that investment.

The investment analysis methods used by Redding Ridge Asset Management cannot fully mitigate the unpredictability of general economic, financial and issuer-specific conditions.

### **Material Risks Relating to Investment Strategies**

Investing in securities involves risk of loss that an investor should be prepared to bear. The securities that Redding Ridge Asset Management invests in are subject to a variety of risks, including risks related to credit; liquidity; interest rates and exchange rates; general economic conditions; operations; structural conditions; financial markets; political events; developments or trends in any particular industry; and adverse performance.

Interests in the Clients managed by Redding Ridge Asset Management are offered to investors pursuant to disclosure documents that contain detailed information about the risks of investing in the Clients, including the risks relating to the securities issued to investors by the Clients and those relating to the underlying assets held by the CLOs. With respect to each Client managed by Redding Ridge Asset Management, the summary of investment risks in this Brochure is qualified in its entirety by the governing documents for the particular Client. Investors should carefully review the offering documents for each Client before investing in the Client or making an investment decision to buy, sell or hold the securities issued by the Client.

*The governing and offering documents of each Client further describe the risks associated with an investment in a Client, and potential and current investors are encouraged to read such documents carefully before making an investment. The following risk factors are those generally applicable to Clients in that the information below summarizes the material risks associated with the types of securities discussed below, however, the governing and offering documents provide a fuller description of such risks specific to a Client.*

## **Risk of Loss**

Investments in Clients are not suitable for every investor and are intended only for sophisticated investors who can understand and accept the risks associated with such investments, including the risk of loss of the partial or total value of such investment, which investors should be prepared to bear.

### *General Overview; Certain Risks Related to CLO and Securitization Securities and Residual Interests*

CLOs principally invest in debt instruments, including senior secured debt, first and second lien debt, subordinated debt, payment in-kind loans, high-yield debt, senior debt, commercial loans and bank loans. The material risks involved in investing in these types of securities are discussed below. However, additional risk factors, including risk factors that are specific to a particular CLO's investment strategy, are described in each CLO's governing documents.

The world-wide outbreak of the 2019 novel coronavirus ("COVID-19") has created significant uncertainty in the financial and credit markets. The pandemic, and related social, economic and political impacts of it, continue to evolve. It is impossible to accurately predict the effect that these will have on Clients and their investments. As such, ordinary expectations of the risks associated with investments, including those described below, might not hold.

**No Assurance of Investment Returns.** Redding Ridge Asset Management cannot give Clients assurance that investments will generate returns or that returns will be commensurate with the risks of investing in the type of companies and transactions that fall within such Client's investment objectives.

**Substantial Fees and Expenses.** Clients typically pay management fees, offering expenses and Organizational Expenses and Operating Expenses as set forth in their governing documents, whether or not they make any profits. While it is difficult to predict the future fees and expenses of Clients, such fees and expenses could be substantial. See Item 5 for additional information on fees and expenses.

**Business and Market Risks.** Investments involve a high degree of business and financial risk, which could result in substantial loss to a CLO. In particular, these risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in national or international economic and market conditions and changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks on security operations, infectious diseases outbreaks, epidemics and pandemics. For example, on February 24, 2022, Russia launched a large-scale invasion of Ukraine marking the largest escalation of crisis in Ukraine to date. Although the Russian invasion, and the conflict in Ukraine, is ongoing and its long-term effects remain to be seen, the invasion of Ukraine is likely to cause significant economic disruption and isolate Russia from the world economy. In response to the Russian invasion of Ukraine, the EU, the US, the UK and other governmental entities have passed a variety of severe economic sanctions and export controls against Russia, including imposition of sanctions against Russia's central bank and largest financial institutions. In addition, a number of businesses have curtailed or suspended activities in Russia or



dealings with Russian counterparts for reputational reasons. While current sanctions may not target the Adviser, these sanctions have had and may continue to have the effect of causing significant economic disruption and may adversely impact the global economy generally, and the Russian economy specifically by, among other things, creating instability in the energy sectors, reducing trade as a result of economic sanctions and increased volatility and uncertainty in financial markets, including Russia's financial sector. Additionally, any new or expanded sanctions that may be imposed by the US, EU, UK, or other countries could materially adversely affect the Adviser's operations and Clients' investments.

Overall, the situation in Ukraine remains uncertain and how it will unfold or impact Clients' investments cannot be predicted. The potential further repercussions surrounding the situation in Ukraine are unknown and no assurance can be given regarding the future of relations between Russia and other countries. Any or all of the above factors could have a material adverse effect on returns to Clients. The possibility of partial or total loss of capital will exist.

**CLO Risks Generally.** There are numerous risks associated with an investment in a CLO, including that: interests in a CLO have limited liquidity, and there are restrictions on their transfer; the CLO will not always have sufficient assets to make payment on the securities; certain securities issued by the CLO are subject to greater risk of non-payment than more senior tranches; and the holders of securities often have limited rights to proceed against defaulting borrowers. Holders of interests in a CLO are also exposed to the risks of the underlying assets in which the CLO invests, which will consist primarily of senior secured bank loans, with a potential secondary focus on other types of leveraged credit, such as high yield debt securities. These risks are described in more detail below; however, investors should carefully review a CLO's offering documents.

**Credit Risk.** All of the debt securities and loans (together, the "Debt Obligations") in which the CLOs will invest are exposed to credit risk, which is the possibility that the issuer of a debt security will default on its obligation to pay interest and/or principal, which could cause a CLO to lose money. Corporate Debt Obligations rated lower than BBB- are considered to have significant credit risk. A significant portion of CLO assets managed by Redding Ridge Asset Management will have ratings at or below this level. Debt Obligations with lower credit ratings generally pay a higher level of income to debt holders but carry a greater risk of default.

**Interest Rate Fluctuations and Risk.** Fixed rate Debt Obligations fluctuate in value as interest rates change. Increases in interest rates, as well as volatility and instability in the financial markets, could increase the risks inherent in the CLOs' investments, including to cause the value of such investments to decline. The general rule is that if the interest rate rises, the market price of fixed income securities will usually decrease. The reverse is also true – if interest rates fall, the market prices of fixed income securities will generally increase. A debt security with a longer maturity (or a fund holding fixed income securities with a longer average maturity) will typically be more sensitive to changes in interest rates and it will fluctuate more in price than a shorter-term maturity. Floating rate instruments, such as the majority of the senior secured bank loans in which the CLOs will invest, see increases in the total payment obligations of the borrowers thereunder during periods of rising interest rates, which could lead to an increase in default rates on such investments. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed-rate securities) and 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.

Recently, numerous governments and their agencies have implemented interest rate policies designed to restore price stability in the face of inflationary pressures by increasing the underlying federal interest rate (or corresponding rate of the applicable jurisdiction). As a result of such increasing interest rates, reserves held by banks and other financial institutions in bonds and other debt securities have faced and could continue to face a significant decline in value relative to deposits and liabilities which, coupled with general economic headwinds resulting from a changing interest rate environment, has created and could continue to cause liquidity pressures at such institutions, as evidenced by the recent bank runs involving several banks, causing some to be placed into receivership. As a result, certain sectors of the credit markets could experience significant declines in liquidity, and it is possible that RRAM (with respect to Clients), and/or the management and other personnel of the portfolio investments owned by Clients, will not be able to manage this risk effectively. It is yet to be determined how these bank runs will fully impact other financial instruments and broader economy, as well as the overall performance of Clients and their investments.

*Financial Institution Risk; Distress Events.* An investment in a Client is subject to the risk that one of the banks, brokers, hedging counterparties, lenders, or other custodians (each, a “Financial Institution”) of some or all of a Client’s (or any portfolio company’s) assets fails to timely perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a “Distress Event”). Distress Events can be caused by a variety of factors, including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, or accounting irregularities. If a Financial Institution experiences a Distress Event, RRAM, Clients or one of their respective investments may not be able to access deposits, borrowing facilities or other services, either permanently or for an extended period of time. Although assets held by regulated Financial Institutions in the US frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation (“FDIC”), in the case of banks, and the Securities Investor Protection Corporation (“SIPC”), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-US Financial Institutions that are not subject to similar regimes pose increased risk of loss.

Any Distress Event has a potentially adverse effect on the ability of RRAM, Clients or one or more of their respective investments, and on the ability of each of them to maintain operations, which in each case could result in significant losses and in unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Client or an investment is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the partnership to access capital contributions or otherwise); the inability of Clients to acquire or dispose of investments, or acquire or dispose of such investments at prices that RRAM believes reflect the fair value of such investments; and the inability of investments to make payroll, fulfill obligations or maintain operations.

It is possible that Clients or their respective investments will incur additional expenses or delays in putting in place alternative arrangements or that such alternative arrangements will be less favorable than those formerly in place in a case of loss of access to services or otherwise during a Distress Event. Although RRAM expects to exercise contractual remedies under agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays. Clients and their respective investments are subject to similar

risks if a Financial Institution utilized by investors in a Client or by suppliers, vendors, service providers or other counterparties of the partnership or a portfolio company becomes subject to a Distress Event, which could have a material adverse effect on such Client.

Many Financial Institutions require, as a condition to using their services (including lending services) or otherwise, that a Client maintain all or a set amount or percentage of its accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. To mitigate such risks, RRAM may cause Clients to incur additional costs in connection with managing a more complex treasury operation designed to maximize FDIC insurance (or similar protections) or be required to agree to less favorable terms for Financial Institution services in order to avoid agreeing to maintain all or a set amount of such Client's accounts or assets with the Financial Institution. Although RRAM seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to Clients, RRAM is under no obligation to use a minimum number of Financial Institutions with respect to Clients or to maintain account balances at or below the relevant insured amounts.

**Benchmark Rates.** Many financial instruments use or may use a floating rate based on the London Interbank Offered Rate (“LIBOR”) and certain other floating rate benchmark indices, including, without limitation, the Euro Interbank Offered Rate, Tokyo Interbank Offered Rate, Hong Kong Interbank Offered Rate and Singapore Interbank Offered Rate (collectively, “IBORs”). IBORs have been the subject of national, international and regulatory guidance and proposals for reform, which may cause such benchmarks to perform differently than in the past or have other consequences which cannot be predicted. On December 31, 2021, the Financial Conduct Authority, which regulates LIBOR, ceased publication of all settings of GBP, EUR, JPY and CHF LIBOR and lesser used settings of USD LIBOR and is expected to cease publication of the remaining tenors of USD LIBOR immediately after June 30, 2023. Moreover, on November 30, 2020, US banking regulators issued a statement to encourage banks to stop entering into new USD LIBOR contracts “as soon as practicable,” and by no later than December 31, 2021.

Transition away from LIBOR as a benchmark reference for interest rates may affect the cost of capital and may require amending or restructuring debt instruments and related hedging arrangements for Clients and their portfolio investments, and may impact the value of floating rate instruments based on LIBOR that are held or may be held by Clients in the future, which may result in additional costs or adversely affect a Client's liquidity, results of operations and financial condition. The Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large US financial institutions, identified the Secured Overnight Financing Rate (“SOFR”), an index calculated by reference to short-term repurchase agreements, backed by Treasury securities, as its preferred alternative rate for USD LIBOR. With respect to other IBORs, other alternative reference rates have been recommended in the relevant jurisdictions. It remains unclear to what extent alternative reference rates such as SOFR will attain market acceptance as replacements for LIBOR or other existing reference rates as the transition away from the IBOR benchmarks progresses. As such, it is not possible to predict all potential effects of these changes on US and global credit markets.

Investors should be aware that: (i) any changes to benchmark rates described in the previous paragraph could cause an interest or other reference rate to be lower and/or more volatile than it would otherwise be; (b) if the applicable rate of interest on any loan is calculated with reference to

a tenor or currency which is discontinued, such rate of interest could then be determined by the provisions of the affected loan, which could include determination by the relevant calculation agent based on market convention that may or may not be developed at that time, or the loan could otherwise be subject to a certain degree of contractual uncertainty; (c) the administrators of benchmark rates will not have any involvement in the investments of Clients and could take any actions in respect of benchmark rates without regard to the effect of such actions on such investments; (d) any uncertainty in the value of a benchmark rate, or any uncertainty in the prominence of a benchmark rate as a benchmark interest rate due to the recent regulatory reform could adversely affect liquidity of Clients' debt investments in the secondary market and their market value; and (e) an increase in alternative types of financing in place of benchmark rate-based loans (resulting from a decrease in the confidence of borrowers in such rates) could make it more difficult to source loans or reinvest proceeds in loans.

If any benchmark rate is discontinued, including LIBOR, it is uncertain whether broad and consistent replacement conventions and methodologies will be developed in the lending market and, if conventions develop, what those conventions will be and whether they will create adverse consequences for an issuer of debt obligations or the holders of any such debt obligations. If no such conventions develop, it is uncertain what effect broadly divergent interest rate calculation methodologies in the markets will have on the price and liquidity of the lending market and the ability of Apollo to effectively mitigate interest rate risks. Though most newly-originated debt obligations in which a Client could seek to make investments are likely to provide mechanisms to amend the reference rate for their applicable interest rates, there can be no assurance that any such amendment (a) will be entered into, (ii) that is entered into will effectively mitigate interest rate risks or result in an equivalent methodology for determining such interest rates, (iii) will be entered into prior to any date on which the relevant debtholders, such as Clients in their capacity as debtholders, suffer adverse consequences from the elimination or modification or potential elimination or modification of LIBOR or other benchmark rates or (iv) will not have a material adverse effect on a Client in its capacity as a debtholder and the liquidity of such floating rate investments.

Given the structural differences in alternative rates, Apollo has assessed impacted systems and processes to confirm operational readiness. Significant effort is required to transition to the use of new alternative reference rates, including to address the changes to impacted systems and processes, as well as to negotiate and implement necessary changes to existing contractual arrangements.

While Apollo has seen an increase in market acceptance of SOFR, there is no guarantee that this trend will continue. Disruptions from the LIBOR transition could negatively impact the market value and liquidity of assets held by and interests issued by Clients and could have an adverse impact on Redding Ridge's ability to obtain financing and the terms of any financing obtained on behalf of Clients.

**Lack of Liquidity of Investments.** Clients' portfolio investments will consist primarily of debt investments, including, but not limited to, senior secured loans, unsecured loans, second-lien loans, debtor-in-possession financings, delayed drawdown loans and revolving bank loans. Loans are not generally traded on organized exchange markets but rather are typically traded by banks and other institutional investors engaged in loan syndications. The liquidity of portfolio investments will therefore depend on the liquidity of this market. Trading in loans is subject to delays as transfers could require extensive and customized documentation, the payment of significant fees and the consent of the agent bank or underlying obligor. In addition, certain investments could be subject

to legal or contractual restrictions or requirements that limit the Clients' ability to transfer or sell them for cash. Any resulting illiquidity of these investments would make it more difficult for a Client to sell such investments if the need arises. If a Client needs to sell all or a portion of its portfolio over a short period of time, it is likely to realize significantly less value than the value at which it had previously recorded those investments. There can be no assurance that Clients will be able to generate returns for their investors or that the returns will be commensurate with the risks of investing in the types of instruments described herein. As noted above, there is a possibility of partial or total loss of capital as a result of such constraints.

*Certain Risks Relating to Underlying Assets that are Loans or Bonds*

**Risks of Investing in Senior Secured Bank Loans.** The substantial majority of the investments Redding Ridge Asset Management manages for the CLOs will be senior secured bank loans. Such loans are typically negotiated by one or more commercial banks or other financial institutions and syndicated among a group of commercial banks, financial institutions and other investors. The loans will typically be to borrowers, which have below investment grade ratings and will generally be highly leveraged companies.

Senior secured bank loans typically pay interest based on floating rates. During periods of rising interest rates, the total payment obligations of the borrowers, issuers or obligors of floating rate debt will increase, perhaps significantly. This could lead to an increase in default rates on such investments.

The investment risks of senior secured bank loans include: limited liquidity and secondary market support; the limited supply of some new issue bank loans; the possibility that earnings of the loan obligor will be insufficient to meet its debt service; the declining creditworthiness and potential for insolvency of the obligor of bank loans during periods of economic downturn; spread compression over the reference interest rate available for reinvestment during any period in which pre-payments are received; and, if subordinated, subordination to the prior claims of other loans or senior lenders. An economic downturn could severely disrupt the market for bank loans and adversely affect the value of outstanding bank loans and the ability of the obligors to repay principal and pay interest.

Senior secured bank loans become non-performing for a variety of reasons and a loan that becomes non-performing could require substantial workout negotiations or restructuring, potentially including a substantial reduction in the interest rate, a substantial reduction of the principal or a substantial extension of the amortization or maturity date of the loan. Any such event will likely cause a significant decrease in the interest collections on the loan and/or a significant decrease in the principal collections on the loans. Although some senior loans in which a portfolio will invest will be secured by specific collateral, there can be no assurance that liquidation of such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal or that such collateral could be readily liquidated. In the event of bankruptcy of a borrower, the portfolio could experience delays or limitations in its ability to realize the benefits of any collateral securing a senior loan. If a default occurs with respect to a senior secured bank loan, and the holder of the loan sells or otherwise disposes of the loan, the proceeds of the sale or disposition will likely be less than the unpaid principal and interest thereon. Historical information regarding default and recovery rates of senior secured bank loans is limited. Actual default and recovery rates could vary significantly from historical observations. Historical information on the market value volatility of

senior secured bank loans is limited, and such loans could be subject to market volatility not apparent from historical volatility studies. Such volatility could be significant at times.

A CLO managed by Redding Ridge Asset Management will purchase an assignment of, or a participation in, a senior secured bank loan issued under a loan facility to which more than one lender is a party. These loan facilities are most often administered by agent lenders on behalf of the lenders pursuant to a loan agreement. In addition, because of the unique and customized nature of a loan and the private syndication of a loan, certain syndicated loans cannot be purchased or sold as easily as publicly traded securities, and the trading volume in the syndicated loan market has been small relative to the market for high-yield bonds. Trading in loans is subject to delays due to their unique and customized nature, and transfers can require extensive documentation, the payment of significant fees and the consent of an agent bank or the underlying obligor. In addition, the investor will likely incur additional expenses to the extent it is required to seek recovery on a default or to participate in the restructuring of a loan. In the event a CLO acquires a participation in a senior secured bank loan, as opposed to an assignment of such loan, the CLO will have a relationship only with the participating institution and not the underlying borrower, which will limit the CLO's ability to directly enforce its rights with respect to such loan.

The senior secured bank loans in which the CLOs will invest are generally pre-payable in whole or in part at any time at the option of the obligor thereof at par plus accrued unpaid interest thereon. Pre-payments are caused by a variety of factors, and as a result, are often difficult to predict. Consequently, there exists a risk that loans purchased by a CLO at a price greater than par could experience a capital loss as a result of such a pre-payment.

Some bank loans acquired by a CLO are permitted under such CLO's governing documents to be subordinated loans, which are typically subject to intercreditor arrangements. These agreements could prohibit or restrict the ability of the investor to exercise rights against the obligor with respect to their second liens, to challenge any exercise of remedies against the collateral by the first-lien lenders with respect to their first liens, to challenge the enforceability or priority of the first liens on the collateral and to exercise certain other secured creditor rights, both before and during a default or bankruptcy of the obligor. During a bankruptcy of the obligor, the holder of a junior loan often has to give advance consent to any use of cash collateral approved by the first-lien creditors, sales of collateral approved by the first-lien lenders and bankruptcy court and debtor-in-possession financings.

In recent years, a number of judicial decisions in the US have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories. Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the obligor or has assumed a degree of control over the obligor that creates a fiduciary duty owed to the obligor or its other creditors or shareholders. Because of the nature of bank loans, a CLO acquiring a senior secured bank loan could be subject to allegations of lender liability made against it as part of a group of lenders and if proven, the CLO could be liable for pro rata liabilities of the agent or lead lender.

**Investments in Subordinated Debt and High Yield Bonds.** Certain CLO investments consist of loans or securities, or interests in pools of securities, that are subordinated or could become subordinated in right of payment and ranked junior to other securities issued by, or loans made to, obligors. If an obligor experiences financial difficulty, holders of its more senior obligations will be

entitled to payments in priority to CLOs. Some of the CLOs' asset-backed investments often also have structural features that divert payments of interest and/or principal to more senior classes of loans or securities backed by the same assets when loss rates or delinquency exceeds certain levels. This can interrupt the income CLOs receive from such investments, which would lead to CLOs having less income to distribute to their investors. In June 2020, the five federal agencies responsible for implementing the Volcker Rule adopted amendments to the Volcker Rule's implementing regulations, including changes relevant to the treatment of securitizations (the "Volcker Changes"). Following the Volcker Changes, CLOs are more likely to be permitted to invest in bonds and other non-loan assets when compared to CLOs issued prior to the Volcker Changes. Such securities are generally not exchange-traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange-traded marketplace. In addition, members of the Redding Ridge Group, including any CLOs and/or Securitizations in which they invest, may invest in bonds, notes or securities of underlying obligors that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. High yield bonds, notes or securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities that react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Underlying obligors that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. If the obligors are highly leveraged or CLOs invest in securities that are unrated or rated below investment grade, such investments are subject to additional risks, including an increased risk of default during periods of economic downturn, the possibility that the obligor will not be able to meet its debt payments and limited secondary market support, among other risks.

**Portfolio Investment Ratings.** Investments in the debt of companies include commercial loans, high-yield corporate or other Debt Obligations of both US and non-US obligors rated below investment grade and other investment instruments as described in Item 4 of this Brochure, which have greater credit and liquidity risk than more highly rated obligations.

There is no requirement to sell any such investment in the event of downgrades and negative rating actions. Investments with lower ratings will have greater credit, insolvency and liquidity risk than more highly rated obligations, and therefore, a greater risk of loss. In addition to credit and liquidity risk, lower-rated obligations have greater volatility than more highly rated obligations. Future periods of uncertainty in the US economy would be expected to increase volatility and default rates.

**Loans to Private Companies.** Loans to private companies involve a number of particular risks, including risks related to the fact that:

- (i) some of these companies have limited financial resources and limited access to additional financing, which could increase the risk of their defaulting on their obligations, leaving creditors, such as CLOs, dependent on any guarantees or collateral they have obtained;

- (ii) these companies will likely have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- (iii) there is often not as much information publicly available about these companies as would be available for public companies, and such information could not be of the same quality; and
- (iv) these companies are more likely to depend on the management talents and efforts of a small group of persons; as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations.

**Loan Prepayments Affect the Ability of the CLO and Securitization Issuer to Invest and Reinvest Available Funds in Appropriate Underlying Assets.** Underlying assets that are loans are generally prepayable in whole or in part at any time at the option of the underlying obligor, the company, 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. Any inability of the applicable CLO and Securitization issuer to reinvest payments or other proceeds in underlying assets with comparable interest rates that satisfy the investment criteria set forth in the related transaction documents may adversely affect the timing and amount of payments received on the CLO and Securitization securities of such CLO. There is no assurance that the applicable CLO and Securitization issuer 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. The rate of prepayments, amortization and defaults may be influenced by various factors including: (i) changes in underlying obligor performance and requirements for capital; (ii) the level of interest rates; (iii) lack of credit being extended and/or the tightening of credit underwriting standards in the commercial lending industry; and (iv) the overall economic environment, including any fluctuations in the recovery from the current economic conditions.

**Amendments to Underlying Assets.** The terms and conditions of the loan agreements and related assignments for the underlying assets may be amended, modified or waived only by the agreement of the lenders. Generally, any such agreement must include a majority or a supermajority (measured by outstanding loans or commitments) or, in certain circumstances, a unanimous vote of the lenders. Consequently, the terms and conditions of the payment obligations arising from loan agreements could be modified, amended or waived in a manner contrary to the preferences of the members of the Redding Ridge Group, including any CLOs and/or Securitizations in which they invest, if a sufficient number of the other lenders concurred with such modification, amendment or waiver. There can be no assurance that any underlying assets arising from a loan agreement will maintain the terms and conditions originally agreed to. Because investments in underlying assets may be done through participation interests and derivative securities, it is possible that the members of the Redding Ridge Group, including any CLOs and/or Securitizations in which they invest, may not be entitled to vote on any such adjustment of terms of such agreements.

**Refinancing Risk.** A significant portion of the underlying assets will consist of loans for which most



or all of the principal is due at maturity. The ability of such underlying obligor to make such a large payment upon maturity typically depends upon its ability either to refinance the underlying assets prior to maturity or to generate sufficient cash flow to repay the underlying assets at maturity. The ability of an underlying obligor to accomplish any of these goals will be affected by many factors, including the availability of financing at acceptable rates to such obligor, the financial condition of such underlying obligor, the marketability of the collateral (if any) securing such underlying asset, the operating history of the related business, tax laws and the prevailing general economic conditions. Consequently, such underlying obligor may not have the ability to repay the underlying asset at maturity and, unless it is able to refinance such debt, it could default in payment at maturity, which could result in losses to the related CLO and Securitization securities.

Significant numbers of underlying obligors on loans may face the need to refinance their debt over the next few years, and significant numbers of CLOs (historically an important source of funding for loans) have reached or are close to reaching the end of their reinvestment periods or the final maturities of their own debt. As a result, there could be significant pressure on the ability of underlying obligors on loans to refinance their debt over the next few years unless a significant volume of new CLO transactions or other sources of funding develop. If such sources of funding do not develop, significant defaults in underlying assets could occur, and there could be downward pressure on the prices and markets for debt instruments, including underlying assets.

**Non-US Investments Generally.** Members of the Redding Ridge Group, including the CLOs and/or Securitizations in which they invest, will be permitted to make investments in countries outside of the United States, some of which may prove to be unstable. Non-US investments involve certain risks not typically associated with investing in the United States, including risks relating to: (i) currency exchange matters, such as fluctuations in the rate of exchange between the US Dollar and the various non-US currencies in which the Redding Ridge Group's non-US investments may be denominated and costs associated with the conversion of investment principal and income from one currency into another; (ii) the imposition or modification of foreign exchange controls; (iii) the unpredictability of international trade patterns; (iv) differences between US and non-US markets, including potential price volatility in, and relative illiquidity of, some non-US markets; (v) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation across some countries; (vi) certain economic, social and political risks, including restrictions on non-US investment and repatriation of capital, the risks of economic, social and political instability (including the risk of war, terrorism, social unrest or conflicts) and the possibility of nationalization, confiscatory taxation or expropriation of assets; (vii) the possible imposition of non-US taxes on income and gains recognized with respect to such non-US investments; (viii) different bankruptcy laws and customs; and (ix) less developed corporate laws regarding, among other things, fiduciary duties and the protection of investors. In addition, applicable laws of non-US countries may impose restrictions that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. Members of the Redding Ridge Group, including any CLOs and/or Securitizations in which they invest, will analyze risks in the applicable non-US countries before making such investments, but no assurance can be given that a change in political or economic climate, a lack of reliable and less detailed information than information typically available from US investments or particular legal or regulatory risks might not

adversely affect an investment by members of the Redding Ridge Group, including the CLOs and/or Securitizations in which they invest.

**Investments in Emerging Markets.** The Adviser will be permitted to make investments in emerging markets such as China, India, Brazil and countries located in emerging Europe. Investing in emerging markets involves risks and special considerations not typically associated with investing in more established economies or markets including, among other things: (i) higher dependence on exports and the corresponding importance of international trade; (ii) greater risk of inflation; (iii) inability to exchange local currencies for US Dollars; (iv) increased likelihood of governmental involvement in and control over the economy; (v) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (vi) less developed compliance culture; (vii) risks associated with differing cultural expectations and norms regarding business practices; (viii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (ix) less developed, reliable or independent judiciary systems for the enforcement of contracts or claims; (x) greater regulatory uncertainty; (xi) maintenance of Clients' investments with non-US brokers and securities depositories; and (xii) threats or incidents of corruption or fraud; (xiii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation, which could result in lower quality information being available and less developed corporate laws regarding fiduciary duties and the protection of investors; (xiv) certain economic and political risks, including potential economic, political or social instability, exchange control regulations, restrictions on foreign investment and repatriation of capital (possibly requiring government approval), expropriation or confiscatory taxation and higher rates of inflation and reliance on a more limited number of commodity inputs, service providers and/or distribution mechanisms; and (xv) the possible imposition of local taxes (including wealth taxes) on income and gains recognized with respect to investments, all of which may adversely affect Clients' returns.

In emerging markets, there is often less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision that is in place may be subject to manipulation or control. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements or authorities. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. The Adviser may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-US courts.

**Certain Legal and Regulatory Risks and General Market Risks.** Recent legal and regulatory changes have adversely impacted CLOs. Additional legal and regulatory changes that could occur during a CLO's applicable term could adversely impact CLOs in the future. The regulation of the US and non-US securities and futures markets and investment funds has undergone substantial change in recent years and such change could continue. The current administration could support a regulatory agenda that imposes greater costs on all sectors, especially financial services. The effect of any new regulations on CLOs and on Redding Ridge Asset Management, while impossible to

predict, could be substantial and adverse and could, directly or indirectly, subject CLOs and/or Redding Ridge Asset Management to increased capital requirements, fees and expenses, as well as limits on the types of investors they are allowed to solicit. The full effect of recent and future legislation cannot yet be known.

Laws and regulations, particularly those involving taxation, investment and trade, applicable to the activities of a CLO can change quickly and unpredictably and could at any time be amended, modified, repealed or replaced in a manner adverse to the CLO's interests. It is impossible to predict what, if any, changes in regulation applicable to CLOs or Redding Ridge Asset Management, the markets in which they trade and invest or the counterparties with which they do business could be instituted in the future. CLOs and/or Redding Ridge Asset Management could become subject to unduly burdensome and restrictive regulation.

In recent years, due to events in the financial markets, the financial services industry generally and the activities of private funds and their managers in particular, have been subject to intense and increasing regulatory scrutiny in the US and in other jurisdictions. Such scrutiny and accompanying regulatory changes could increase the exposure of CLOs or Redding Ridge Asset Management to potential liabilities and to legal, compliance and other related costs and have an adverse effect on private funds and their advisers generally, and in particular, could adversely impact the ability of CLOs to achieve their investment objectives. The private fund industry could continue to be adversely affected by the recent developments in the financial markets in the US and abroad going forward, and any future legal, regulatory or governmental action and developments in such financial markets and the broader global economy could have an adverse effect on the business, operations and performance of CLOs.

The entire market or particular instruments traded on a market could decline even if earnings or other factors improve inasmuch as the prices of such instruments are subject to numerous economic, political, psychological and other factors that have little or no correlation to the performance of a particular company. Redding Ridge Asset Management is generally permitted, but not required to, elect to hedge a CLO against market movements or the credit or other risks of any particular portfolio investment, whether by means of a derivative or other financial product or instrument. To the extent that CLOs engage in certain hedging transactions, there can be no assurances that such hedging will insulate such CLO from risks, and hedging techniques, whether via a derivative or other product or instrument, often give rise to certain costs and additional risks, including a risk of the total loss of any amounts invested in hedging instruments. The decision whether and how to hedge can, therefore, impact the CLO's performance.

**Regulation, Enforcement and Litigation.** CLOs are subject to US and international regulations, which could increase the costs associated with acquiring and operating CLOs and the risk of regulatory examination, enforcement actions and third-party litigation. There can be no assurance that the CLOs, Redding Ridge Asset Management or its affiliates will avoid regulatory examination, enforcement action or third-party litigation or adverse publicity relating to such a proceeding.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), among other things, granted regulatory authorities such as the Commodity Futures Trading Commission, the SEC and the Consumer Financial Protection Bureau (the "CFPB") with broad rulemaking and enforcement authority to implement and oversee various provisions of the Dodd-Frank Act, including comprehensive regulation of the over-the-counter derivatives and consumer finance

markets. These expanded powers have resulted in rules that could adversely affect CLOs or investments made by CLOs.

CLOs could be subject to state and federal regulation, borrower disclosure requirements, limits on fees and interest rates on some loans, state lender licensing requirements and other regulatory requirements in the conduct of its business as an originator, lender, acquirer or servicer of consumer and commercial loans. In circumstances in which a state license is required, an applicant could experience delays in obtaining licenses due to the application requirements and processes involved, which would adversely impact the CLO's business and operations. These state and federal regulatory programs are designed to protect borrowers, not to protect investors in the CLO. Compliance with these regulatory requirements imposes staffing, legal, compliance and other costs and administrative burdens.

State and federal regulators and other governmental entities have authority to bring administrative enforcement actions or litigation to enforce compliance with applicable lending or consumer protection laws, with remedies that can include fines and monetary penalties, restitution to borrowers, injunctions to conform to law or limitation or revocation of licenses and other remedies and penalties. In addition, lenders and servicers could be subject to litigation brought by, or on behalf of, borrowers for violations related to unfair or deceptive or, in the case of consumer borrowers, abusive practices. Failure to conform to applicable regulatory and legal requirements could be costly and could result in state or federal legal action seeking penalties or consumer redress or in a state or the CFPB prohibiting CLOs from operating certain businesses within their jurisdictions.

CLOs are also indirectly affected by regulation of banks and other financial services firms with which the CLOs do business, obtain financing or other services or seek to sell interests in loan securitizations. The regulatory regimes applicable to financial services firms with which CLOs do business can increase borrowing costs or limit the terms or availability of credit, affect the terms or pricing of loan securitizations, affect the collectability of loans or have other indirect effects.

There is significant uncertainty regarding certain legislation and related regulations that affect CLOs (including the regulations that are being developed pursuant to the Dodd-Frank Act), and consequently, the full impact that such legislation ultimately will have on CLOs, Redding Ridge Asset Management or its affiliates is not fully known.

These new and expanded regulations and regulatory powers could reduce returns to investors in consumer and commercial loan portfolios as a result of, among other things, additional compliance and administrative expenses, failure to obtain full repayment on portfolio loans, administrative enforcement actions and fines by state or federal regulators and civil litigation against holders of loans and/or a reduction in the availability of appropriate loans for investment. Similarly, violations of law or regulation by the originators or servicers of consumer and commercial loans held directly or indirectly by investors could result in the originators or servicers being subject to administrative fines or penalties, borrower restitution obligations or other consequences that could negatively impact investors in such loans.

In addition, certain CLOs invest in distressed investments and CLOs generally can hold investments that become distressed, and as a result, there is a possibility that Redding Ridge Asset Management will participate in restructuring activities. It is possible that certain CLOs will become involved in litigation relating to creditor disputes and similar issues among classes of claimants. Litigation

entails expense and the possibility of counterclaims against such CLOs, including their general partners and Redding Ridge Asset Management, and ultimately, judgments could be rendered against a CLO for which such CLO does not carry insurance.

**Risk Retention Information.** In accordance with the risk retention requirements promulgated under: (i) Regulation (EU) 2017/2402 (the “EU Securitization Regulation”, and together with any supplementary regulatory technical standards, implementing technical standards and any guidance adopted in relation thereto by the European supervisory authorities, each as in force from time to time, the “EU Securitization Laws”); and (ii) EU Securitization Regulation as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended by the Securitization (Amendment) (EU Exit) Regulations 2019 (the “UK Securitization Regulation” and, together with any supplementary regulatory technical standards, implementing standards and any official guidance published in relation thereto by the UK Financial Conduct Authority and/or the UK Prudential Regulation Authority and any implementing laws or regulations, each as in force from time to time, the “UK Securitization Laws”), Redding Ridge Asset Management could decide to retain interests in the Clients that it manages in order for such Clients to comply with the EU Securitization Laws and/or the UK Securitization Laws where securities issued in a securitization transaction are sold to certain types of EU or, as applicable, UK-regulated investors such as, in broad terms, credit institutions and investment firms (including certain consolidated affiliates thereof, wherever located), authorized alternative investment fund managers (“AIFMs”) that manage and/or market alternative investment funds (“AIFs”) in the EU/UK, insurance and reinsurance undertakings, Undertakings for Collective Investment in Transferable Securities (“UCITS”) and the management companies thereof and institutions for occupational retirement provision (with certain exceptions), each as set out in the EU Securitization Regulation or the UK Securitization Regulation (as applicable). These securities could be held in a number of prescribed forms, most typically through: (i) a “vertical slice” equal to a 5% pro-rata percentage of the face value of each tranche; or (ii) a “horizontal slice” equal to 5% of the fair value of all of the securities issued via the first loss or “equity” tranche. Redding Ridge Asset Management could hold CLO securities in addition to the requisite risk retention amount. There has been no explicit guidance regarding whether entities could be structured for this purpose and therefore the regulatory environment in which any such structure intends to operate is highly uncertain.

There can be no assurance that applicable governmental authorities will agree that any of the transactions, structures or arrangements entered into by Redding Ridge Asset Management and its affiliates, and the manner in which they expect to hold retention interests, will satisfy the EU Securitization Laws or the UK Securitization Laws, as applicable. The EU Securitization Laws and the UK Securitization Laws are subject to changes, clarifications and interpretations by governmental authorities that could have an adverse effect on Redding Ridge Asset Management and its affiliates.

Section 941 of the Dodd-Frank Act (the “US Risk Retention Rules”) requires a “sponsor” of a securitization transaction (or its “majority-owned affiliate”) to retain at least 5% of the economic interest in the credit risk of the securitized assets. However, following a decision of the US Court of Appeals for the District of Columbia issued on February 9, 2018 (the “DC Circuit Ruling”), collateral managers of “open-market CLOs” (described in the ruling as CLOs where assets are acquired from “arm’s-length negotiations and trading on an open market”) are no longer required to retain an interest in such “open-market CLOs” under the US Risk Retention Rules. As a result of the DC Circuit Ruling, Redding Ridge Asset Management is no longer required under the US Risk

Retention Rules to retain an interest in “open-market CLOs” in which it acts as collateral manager. However, Redding Ridge Asset Management could still elect to act as the “originator” or “sponsor” (in each case, as defined in the EU Securitization Laws) for purposes of compliance with the EU Securitization Laws for CLOs in which it acts as collateral manager.

The Japanese Financial Services Agency adopted a risk retention rule as part of the regulatory capital regulation of certain categories of Japanese investors seeking to invest in securitization transactions (the “JRR Rule”). The JRR Rule requires such Japanese investors to apply higher risk weighting to securitization exposures they hold unless the relevant “originator” commits to hold a retention piece of at least 5% of the total underlying assets in the transaction (the “Japanese Retention Requirement”) or such investors determine that the underlying assets were not “inadequately formed.” Such Japanese investors include banks, bank holding companies, certain credit unions and cooperatives and certain other financial institutions and affiliates (such investors, “Japanese Affected Investors”). Japanese Affected Investors are subject to punitive capital requirements with respect to investments in securitizations that fail to comply with the Japanese Retention Requirement. There are a number of unresolved questions and no established line of authority, regulatory guidance, precedent or market practice that provides definitive guidance with respect to the JRR Rule. In particular, the basis for the determination of whether an asset is “inadequately formed” remains unclear, and therefore unless the Japanese Financial Services Agency further clarifies under what circumstances an asset will be “inadequately formed” for purposes of the JRR Rules, it is possible that CLOs managed by Redding Ridge Asset Management could contain assets deemed to be “inadequately formed” and as a result could not be exempt from the Japanese Retention Requirement. Accordingly, the potential application of the Japanese Retention Requirement to CLOs managed by Redding Ridge Asset Management could have a materially adverse effect on such CLOs and the CLO market as a whole.

The impact of the EU Securitization Laws, the UK Securitization Laws, the US Risk Retention Rules and the JRR Rule on the securitization market is also unclear and such rules (including any amendments thereto) could negatively impact the value of CLOs, CLO Warehouses and their underlying assets.

**Monetary Policy and Governmental Intervention.** The US Federal Reserve (the “Federal Reserve”) and global central banks, including the European Central Bank, have – in addition to other governmental actions to stabilize markets and seek to encourage economic growth – acted to increase interest rates from historic lows with the goal to ease inflation. It cannot be predicted with certainty when, or how, these policies will change, but actions by the Federal Reserve and other central banks could have a significant effect on interest rates and on the US and world economies generally, which in turn could affect the performance of the investments of CLOs. Further financial crises could result in additional governmental intervention in the markets. In addition, the consequences of the extensive changes to the regulation of various markets and market participants contemplated by the legislation and increased regulation arising out of the financial crisis are difficult to predict or measure with certainty.

**Political, Social and Economic Uncertainty.** Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) will occur that create uncertainty and have significant impacts on issuers, industries, governments and other systems, including the financial markets, to which the Clients or borrowers are exposed. As global systems, economies and financial markets are increasingly interconnected, events that

once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets, including in established markets such as the US. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat.

For example, in early 2020, COVID-19 emerged in China and spread rapidly to across the world, including to the US. This outbreak led and is likely to continue to lead to disruptions in the worldwide economy, particularly with respect to economies of nations where the novel coronavirus has arisen and also the global market, adversely impacting global commercial activity and contributing to significant volatility in financial markets. The global impact of the outbreak evolved, and many countries have reacted by instituting quarantines, restrictions but as of the date of this Brochure, countries and companies are lifting restrictions and resuming normal activities. However, the actions taken by relevant governmental organizations, have created disruption in global supply chains, and adversely impact a number of industries, such as transportation, hospitality, entertainment and technology. While the ultimate adverse impact of COVID-19 will continue to present material uncertainty and risk with respect to performance and financial results, it is expected with the lifting of restrictions will allow for economies and companies to sustain operations and relieve pressure on supply chains and potentially inflation related to constraints in supply. Additionally, as countries reduce protective measures and “re-open” there is no guarantee that such measures will not further adversely affect businesses. Businesses have continued to respond with flexible working arrangements but businesses also furloughed or terminated employees and endured other dislocations that will take time to normalize. In this environment, there is a heightened likelihood that the pandemic-related government intervention, regulation and/or changes in law, including by way of example laws and regulations requiring creditors (which could include the CLOs) to waive payments from debtors, defer maturities on debt instruments and/or cancel or delay foreclosures on a borrower’s assets, any of which could have a material adverse effect on Clients’ investments could continue or cease. In addition, the operations of tax authorities, including the IRS has and could continue to impose delays on their response and processing time to requests and elections from taxpayers. Such delays may have an adverse effect on the Clients and the Adviser.

In the instance of an event, there is substantial uncertainty of the potential effect on CLOs and their portfolio investments, which could have a material adverse effect on the CLOs’ investments and on the business, financial condition and results of operations of CLOs’ portfolio investments, particularly those portfolio investments that were already highly leveraged or distressed prior to such economic downturn, and their ability to make principal and interest payments on, or refinance, outstanding debt when due. Failure to meet any such financial obligations could result in CLOs and their portfolio investments being subject to margin calls or being required to repay indebtedness or other financial obligations immediately in whole or in part, together with any attendant costs, and the fund and its portfolio investments could be forced to sell some of its assets to fund such costs. In the event of any such consequences, CLOs could lose both invested capital in and anticipated profits from the affected investment. No previous success by Redding Ridge Asset Management or its affiliates in dislocated markets is any guarantee of CLOs’ success in respect of investing and managing any portfolio investment during and post-pandemic.

As a general matter, uncertainty can result in or coincide with: increased volatility in the global financial and currency markets, generally, and the credit and loan markets, specifically; a decrease in the reliability of market prices and difficulty in valuing assets; greater fluctuations in currency

exchange rates; increased risk of default (by both government and private issuers); further social, economic and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; greater, less or different governmental regulation and supervision of the securities markets and market participants and increased, decreased or different processes for and approaches to monitoring markets and enforcing rules and regulations by governments or self-regulatory organizations; limited, or limitations on, the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; inability to purchase and sell portfolio investments or otherwise settle transactions (i.e., a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can last many years and have substantial negative effects on credit and securities markets as well as the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments.

Although it is impossible to predict the precise nature and consequences of these events, or of any political or policy decisions and regulatory changes occasioned by emerging events or uncertainty on applicable laws or regulations that impact Clients' investments, it is clear that these types of events, will impact the CLOs. The companies that are obligors on the CLOs' portfolio assets could be particularly impacted by emerging events and uncertainty of this type and the CLOs will be negatively impacted if the value of their portfolio holdings decreases as a result of such events and the uncertainty they cause. There can be no assurance that emerging events will not cause a CLO to suffer a loss of any or all of its investments or interest thereon. CLOs will also be negatively affected if the operations and effectiveness of Redding Ridge Asset Management, obligors, borrowers or their key service providers are compromised or if necessary or beneficial systems and processes are disrupted.

**General Economic Conditions and Recent Events.** Various sectors of the global financial markets previously have experienced and could in the future experience adverse conditions. The financial services industry generally, and Client's investment activities in particular, are affected by general economic and market conditions, such as interest rates, availability and spreads of credit, a lack of price transparency, credit defaults, inflation rates, economic uncertainty, changes in tax, currency control and other applicable laws and regulations, trade barriers, and national and international political, environmental and socioeconomic circumstances. Market disruptions in a single country could cause a worsening of conditions on a regional and even global level. A worsening of general economic and market conditions would likely affect the level and volatility of securities prices and the liquidity of Clients' investments, which could impair their profitability, result in losses and impact limited partners' investment returns. A depression, recession or slowdown in the global economy or one or more regional markets (or any particular segment thereof) or a weakening of credit markets (including a perceived increase in counterparty default risk) would have a pronounced impact on the Adviser and its Clients and could adversely affect their profitability and ability to execute on their business plans, satisfy existing obligations, make and realize investments successfully, originate or refinance credit or draw on existing financings and commitments (including, limited partners' commitments). The market price of any publicly traded securities held by Clients will separately be impacted by these conditions including in a manner that does not reflect the direct impact on the relevant portfolio investments.

**Brexit Risk.** The UK has ceased to be a member of the EU on January 31, 2020, and the applicable transition period ended on December 31, 2020 (such departure is commonly referred to as "Brexit"). The UK is also no longer part of the European Economic Area (the "EEA").



On December 24, 2020, the UK government and the European Commission announced that an agreement in principle had been reached at the negotiators' level on the text of certain agreements and declarations governing the ongoing relationship between the EU and the UK, including a UK-EU trade and co-operation agreement (the "UK/EU Future Relationship Agreement"). The UK/EU Future Relationship Agreement came into effect on January 1, 2021 and now governs the relationship between the UK and EU. However, although the UK/EU Future Relationship Agreement covers many issues such as economic partnership, free trade, law enforcement, judicial co-operation and governance, the UK/EU Future Relationship Agreement itself is silent on items such as financial services equivalence and data protection adequacy. As such, there remains uncertainty as to the scope, nature and terms of the relationship between the United Kingdom and the EU and the effect and implications of the UK/EU Future Relationship Agreement.

Due to such ongoing political uncertainty and, as a consequence, the uncertainty as to the wider implications it will have for the UK, it is not possible to determine the precise impact on general economic conditions in the UK, including any implications for the UK sovereign ratings, ratings of relevant transaction parties or the performance of other entities or exposures with a UK nexus. Brexit has had a destabilizing impact on the economic and market conditions in the UK, in the EU and its member states and elsewhere, and contributes to uncertainty and instability in global financial markets. In particular, Brexit significantly impacts volatility, liquidity and/or the market value of securities. Accordingly, Brexit could adversely affect the company's business, results of operations, financial condition and cash flows.

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

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

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

**Alternative Investment Fund Managers Directive.** AIFMD, as transposed into national law, provides a framework for the EU to regulate managers of AIFs that are not UCITS, but which are marketed or managed in the EU.

Since implementation, AIFMD has restricted the extent to which non-EEA AIFs can be marketed to potential investors in the EEA. AIFs (i) organized outside of both the EU and those of the additional EEA member states which have implemented AIFMD and (ii) in which interests are marketed under AIFMD within the EEA are subject to significant conditions on their operations. Under AIFMD, such AIFs could be marketed only in certain EEA jurisdictions and in compliance with requirements to register the AIF for marketing in each relevant jurisdiction and to undertake periodic investor and regulatory reporting, including, among other items, the risk and portfolio profile of each CLO which is marketed in that regulator's jurisdiction. Additional requirements and restrictions could apply where an AIF invests in an EEA portfolio, including restrictions that could impose limits on certain investment and realization strategies, such as dividend recapitalizations, distributions and reorganizations. Such rules could potentially impose significant additional costs on the operation of

Redding Ridge Asset Management's business or investments in the EEA and could limit Redding Ridge Asset Management's operating flexibility within the relevant jurisdictions.

In some countries, additional obligations are imposed; for example, in Germany and Denmark, marketing of a non-EEA AIF also requires the appointment of one or more depositaries (with cost implications for the AIF). Depending on the activities of each CLO, additional restrictions on investment activities could also apply if they are to be marketed to EEA investors. Accessing EEA investors could be more difficult and CLO costs could increase to reflect the additional burdens.

In the longer term, subject to non-EU jurisdictions being granted equivalence status under AIFMD, non-EEA managers that manage non-EEA AIFs could be permitted to voluntarily seek authorization under, and comply with the more detailed requirements of, AIFMD.

Some changes to AIFMD are expected, others are under negotiation, and a wider review has commenced which could lead to further changes. Any or all of these could lead to increased costs and/or burdens; and could limit operational flexibility within the EEA and access to EEA investors.

**Data Protection Risk.** The clients,' the general partners' or Redding Ridge Asset Management's processing of personal data associated with their representatives, natural person investors, service provider representatives and others, including the use of third-party processors and cloud-based services to, among other things, store and maintain personal data, imposes legal and regulatory risks. Legal requirements relating to the collection, storage, handling and transfer of personal data continue to develop. Certain activities of the Clients, the general partners, Redding Ridge Asset Management and/or other members of Redding Ridge Asset Management, for example, could be subject to the EU's General Data Protection Regulation ("GDPR"), the UK General Data Protection Regulation ("UK GDPR"), the California Consumer Privacy Act ("CCPA"), the Cayman Islands Data Protection Law ("DPL") and/or data protection laws in other countries that could take effect shortly. While the Clients, the general partners, Redding Ridge Asset Management and other members of Redding Ridge Asset Management intend to comply with their privacy and data protection obligations under the GDPR, the UK GDPR, the CCPA, the DPL and other applicable laws, they could be unable to accurately anticipate the ways in which regulators and courts will apply or interpret the law. The failure of the Clients, the general partners, Redding Ridge Asset Management, or another member of Redding Ridge Asset Management indirectly providing services to the Clients to comply with privacy and data protection laws could result in negative publicity and could subject the Clients to significant costs associated with litigation, settlements, regulatory action, judgments, liabilities or penalties. If privacy or data protection laws are implemented, interpreted or applied in a manner inconsistent with Redding Ridge Asset Management's expectations, that could result in business practices changing in a manner that adversely impacts the Clients. Moreover, if the Clients, the general partners, Redding Ridge Asset Management or other members of Redding Ridge Asset Management suffer a security breach impacting personal data, there could be obligations to notify government authorities or stakeholders, which could divert Redding Ridge Asset Management's time and effort and entail substantial expense. The EU GDPR was implemented into laws enforceable in the UK by the Data Protection Act 2018. As noted under "Brexit" above, the UK formally left the EU on January 31, 2020. Following withdrawal from the EU, the UK entered a transition period lasting until December 31, 2020, during which EU law continued to apply in the UK (and any new EU legislation that took effect before the end of the transition period also applied to the UK). Following the end of such transition period, the GDPR (as it existed on December 31, 2020) has been retained in UK law as the "UK GDPR," which applies in the UK from January 1,

2021. Given the dual regimes, the UK's withdrawal from the EU could therefore lead to an increase in data protection compliance costs for any of the portfolio investments of Clients that have operations in the UK and the EU, although as the UK GDPR is (for the time being) substantially similar to the EU GDPR (but with necessary national variations), and as the European Commission have issued a finding of data protection adequacy for the UK such compliance costs could not be significant. However, to the extent that the UK GDPR and EU GDPR begin to diverge, and if a finding of data protection adequacy for the UK is revoked by the European Commission, such portfolio investments could face substantial additional data protection compliance costs in the long term (e.g., in the form of a greater dual regulatory compliance burden and the costs of implementing data transfer safeguards).

**Foreign Corrupt Practices Act Considerations.** Redding Ridge Asset Management professionals, the general partners, the Client, its portfolio investments and their respective affiliates are subject to a number of laws and regulations governing payments and contributions to public officials or other parties, including restrictions imposed by the US Foreign Corrupt Practices Act ("FCPA") and other applicable anti-corruption laws, anti-bribery laws and regulations, as well as any other similar and/or relevant laws and regulations that apply to Clients in connection with their investment opportunities throughout the UK, the EU, and other jurisdictions in which Clients may invest from time to time.

In recent years, the US government has devoted greater resources to enforcement of the FCPA and penalty amounts in FCPA cases have risen dramatically. A number of other countries, including the UK, have also expanded significantly their enforcement activities, especially with respect to anti-corruption. While Redding Ridge Asset Management has adopted policies and procedures, which are designed to ensure strict compliance by Redding Ridge Asset Management and its personnel with the FCPA, such policies and procedures could not be effective to prevent violations in all instances. In addition, in spite of Redding Ridge Asset Management's policies and procedures, portfolio investments or other entities in which a CLO is invested could engage in activities that could result in anti-corruption violations, particularly in cases where a CLO does not control such portfolio or other investment. Any determination that Redding Ridge Asset Management has violated these laws could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect Redding Ridge Asset Management's business prospects and/or financial position, as well as a CLO's ability to achieve its investment objective and/or conduct its operations. Some applicable anti-corruption laws, including the portions of the FCPA that apply to US issuers, affirmatively require companies to maintain adequate policies, procedures, and internal controls to prevent bribery. These requirements may impose an added compliance cost which could affect the Client's or portfolio investments' financial prospects. Additionally, such laws and regulations may make it difficult in certain circumstances for the Client to act successfully on investment opportunities and for such portfolio investments to obtain or retain business as some business competitors may not adhere to applicable anti-corruption laws.

**Pay-to-Play Laws, Regulations and Policies.** The SEC, as well as the Financial Industry Regulatory Authority, the Municipal Securities Rulemaking Board and certain US states, localities and public instrumentalities, have adopted "pay-to-play" laws, regulations or policies which restrict the political activities of investment managers that seek to do business with governmental entities, including seeking investment from or managing funds on behalf of state and local government entities. Such restrictions can include limits on the ability of said managers to make political contributions to, fundraise for, or provide gifts or entertainment to, certain state and local candidates,

officials and political organizations, as well as obligations to make regular disclosures about such political activities to federal, state or local regulators and to use only parties that are subject to equivalent political activity restrictions in soliciting investment from state and local government entities. In addition, many pay-to-play regimes (including the SEC pay-to-play rule for investment advisers under the Advisers Act Rule 206(4)-5) impute the personal political activities of certain executives and employees, and in some instances their spouses and other immediate family members, to the manager for purposes of potential pay-to-play liability. Violation of pay-to-play laws can lead to the loss of management fees, rescission of current commitments, and a loss of future investment opportunities. Issues involving pay-to-play violations and alleged pay-to-play violations often receive substantial media coverage and can result in regulatory inquiries from federal, state or local regulators. A failure to comply with applicable pay-to-play laws, regulations or policies by Redding Ridge Asset Management or a party acting on its behalf could have an adverse effect on CLOs.

**Possibility of Fraud and Other Misconduct of Employees and Service Providers.** Misconduct by employees of Redding Ridge Asset Management, service providers to CLOs and/or their respective affiliates could cause significant losses to such CLOs. Misconduct could include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such CLOs, the improper use or disclosure of confidential or material non-public information (“MNPI”), which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such CLOs and non-compliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities can result in reputational damage, litigation, business disruption and/or financial losses to such CLOs. Redding Ridge Asset Management has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that Redding Ridge Asset Management will be able to identify or prevent such misconduct.

**Changes in Investment Focus.** CLOs are usually but not always restricted in terms of the percentage of their capital that can be invested in a particular industry, geographical region or type of investment. While a CLO’s governing documents generally contain a description of the types of investments that other CLOs have historically made and/or information about Redding Ridge Asset Management’s expectations with respect to such CLO, many factors could contribute to changes in emphasis in the construction of such CLO’s portfolio, including changes in market or economic conditions or regulation as they affect various industries and changes in the political or social situations in particular countries. There can be no assurance that the investment portfolio of any CLO will resemble the portfolio of any prior CLO.

**Lack of Diversification.** Each CLO could concentrate its portfolio investments by investing all of its assets in only a few issuers, industries or countries, subject to the limitations in their respective governing documents. By investing in a limited number of portfolio investments, the aggregate returns realized by a CLO could be substantially affected by the unfavorable performance of a small number of such portfolio investments.

**Leverage.** CLOs, in certain instances, borrow and utilize various other forms of leverage and expect to operate with a significant leverage ratio. Although leverage presents opportunities for increasing a CLO’s total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the cost of the leverage, the

total return of the leveraging CLO will decrease. Accordingly, any event, which adversely affects the value of a portfolio investment, would be magnified to the extent a CLO is leveraged. The use of leverage by CLOs in a market that moves adversely to such CLOs' investments or in the event of credit quality deterioration could result in a substantial loss to CLOs that could be substantially greater than if such CLOs were not leveraged. In addition, contractual demands by lenders to a CLO to reduce its leverage could force such CLO to sell investments on an emergency basis at prices less than those obtainable in a more orderly liquidation. To the extent that a creditor has a claim on a CLO, such claim would be senior to the rights of an investor in the CLO. As a result, if a CLO's losses were to exceed the amount of capital invested, an investor could lose its entire investment.

**Hedging Policies/Risks.** In connection with certain investments, Redding Ridge Asset Management can employ, on behalf of a CLO, hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange rates. While such transactions could reduce certain risks, hedging transactions themselves entail other risks and CLOs incur costs in connection with hedging. Thus, while CLOs could benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates could result in a poorer overall performance for CLOs that enter into hedging transactions.

**Uncertainty of Financial Projections.** As part of its due diligence of a potential investment, Redding Ridge Asset Management often makes certain financial projections with respect to securities in, or loans to, a company. Projected operating results normally will be based primarily on Redding Ridge Asset Management's judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results could vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections and the performance of any investment in such company. Recent market impacts from the COVID-19 pandemic further exacerbates the uncertainty of financial projections, particularly those made before the onset and rapid spread of COVID-19.

**Participation Interests.** CLOs could purchase participation interests in debt instruments which do not entitle the holder thereof to direct rights against the obligor. Participations held in a seller's portion of a debt instrument typically result in a contractual relationship only with such seller, not with the obligor. A CLO has the right to receive payments of principal, interest and any fees to which they are entitled only from the seller and only upon receipt by such seller of such payments from the obligor. In connection with purchasing participations, a CLO generally will have no right to enforce compliance by the obligor with the terms of the related loan agreement, nor any rights of set-off against the obligor, and such CLO could not directly benefit from the collateral supporting the debt instrument in which it has purchased the participation. As a result, CLOs will assume the credit risk of both the obligor and the selling institution selling the participation. In the event of the insolvency of such seller, CLOs could be treated as general creditors of such seller and could not benefit from any set-off between such seller and the obligor. When a CLO holds a participation in a debt instrument, it could not have the right to vote to waive enforcement of any restrictive covenant breached by an obligor or, if a CLO does not vote as requested by the seller, it could be subject to repurchase of the participation at par. Sellers voting in connection with a potential waiver of a restrictive covenant could have interests different from those of the CLO, and such selling institutions could not consider the interests of the CLO in connection with their votes.

**Cybersecurity Risk.** The increasing reliance on computer programs and applications to conduct transactions and store data creates growing operational and security risks. Targeted cyber attacks, or accidental events, can lead to a breach in computer and data systems security and subsequent unauthorized access to sensitive transactional and personal information. Data taken in breaches could be used by criminals in identity theft, obtaining loans or payments under false identities and other crimes that could affect the value of assets in which CLOs invest. Cybersecurity breaches at Redding Ridge Asset Management or its vendors and service providers, including AGM and its affiliates, can also lead to theft, data corruption or overall disruption in operational systems. These threats can also indirectly affect CLOs through cyber incidents with third-party service providers or counterparties. These risks can disrupt the ability to engage in transactional business, cause direct financial loss and reputational damage or lead to violations of applicable laws related to data and privacy protection and consumer protection. Cybersecurity risks also result in ongoing prevention and compliance costs.

**Environmental Matters.** Ordinary operation or the occurrence of an accident with respect to a Client investment could cause major environmental damage, which could result in significant financial distress to such portfolio investment, even if covered by insurance. In addition, persons who arrange for the disposal or treatment of hazardous materials could also be liable for the costs of removal or remediation of these materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by those persons. Certain environmental laws and regulations could require that an owner or operator of an asset address prior environmental contamination, which could involve substantial cost and other liabilities. Such laws and regulations often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of environmental contamination and could impose joint and several liability (including, without limitation, amongst the Clients and the applicable portfolio investment) or liabilities or obligations that purport to extend to (and pierce any corporate veil that would otherwise protect) the ultimate beneficial owners of the owner or operator of the relevant property or operating company that stand to financially benefit from such property's or company's operations. Clients could therefore be exposed to substantial risk of loss from environmental claims arising in respect of their investments. Furthermore, changes in environmental laws or regulations or the environmental condition of an investment could create liabilities that did not exist at the time of a Client's acquisition and that could not have been foreseen. Community and environmental groups could protest about the development or operation of portfolio investment assets, which could induce government action to the detriment of Clients. New and more stringent environmental or health and safety laws, regulations and permit requirements, or stricter interpretations of current laws, regulations or requirements, could impose substantial additional costs on a portfolio investment, or could otherwise place a portfolio investment at a competitive disadvantage compared to other companies, and failure to comply with any such requirements could have an adverse effect on a portfolio investment. Even in cases where Clients are indemnified by the seller with respect to an investment against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or the ability of Clients to achieve enforcement of such indemnities.

**Tax Changes, Uncertainties, and Risks.** On December 22, 2017, Congress enacted Public Law Number 115-97, formerly known as the Tax Cuts and Jobs Act (the "TCJA"). The TCJA is the most comprehensive tax legislation passed in decades and contains many significant changes to the US Federal income tax laws, the consequences of which have not yet been fully determined. In particular, the TCJA made various changes to the US Federal income tax laws that significantly

impacted the taxation of individuals, corporations and the taxation of taxpayers with overseas assets and operations. The TCJA, among other things: (i) reduced the corporate income tax rate from 35% to 21%; (ii) limited the deductibility of net business interest expense for most businesses to 30% of “adjusted taxable income” (which is similar to EBIT for taxable years beginning after January 1, 2022); (iii) limited the deduction for net operating losses to 80% of taxable income; (iv) eliminated the corporate alternative minimum tax; (v) provided for immediate deductions for certain investments instead of deductions for depreciation expense over time; (vi) changed the timing of certain income recognition; (vii) introduced a longer holding period requirement for performance fees to receive long-term capital gain treatment; (viii) denied dividends received deductions for hybrid dividends and certain interest or royalty deductions involving hybrid transactions or hybrid entities; (ix) created a new minimum tax on certain foreign income; and (x) combated base erosion in the US through a new alternative tax.

Although the reduction in the corporate tax rate from 35% to 21%, the immediate expensing of certain expenditures and certain other changes introduced by the TCJA could benefit certain Clients, other changes introduced by the TCJA could have an adverse effect. In particular, provisions addressing interest deductibility could limit the amount of interest expense that is deductible for US federal income tax purposes by certain Clients and thus increase taxes paid by such Clients. In addition, the “base erosion and anti-abuse tax” or “BEAT,” which imposed a minimum tax on certain entities that make significant deductible payments to related foreign entities, could result in a material additional tax burden for certain Clients, which could reduce cash flow and make Clients’ investments less valuable over time.

Under amendments to US tax law pursuant to the TCJA, capital gain in respect of a general partner’s distributions of performance fees from certain of our Clients will be treated as short-term capital gain unless the Client holds the relevant investment for more than three years, as opposed to the general rule that capital gain from the disposition of investments held for more than one year is treated as long-term capital gain. Similar rules introduced in the UK applying to certain UK based staff, tax as ordinary income returns from certain funds that have a weighted average holding period of fewer than 40 months (with transitional rules applying between 36-40 months). As a consequence, conflicts of interest could arise in connection with a general partner’s investment decisions, including regarding the identification, making, management, disposition and, in each case, timing of a Client’s investments, and the Adviser could not realize the most tax efficient treatment of our performance fees in all of our Clients going forward. Certain states, including New York and California, have proposed legislation to levy additional state tax on carried interest, and additional US federal proposals to tax carried interest at higher rates are also made in Congress from time to time, any of which could also negatively affect the Adviser’s ability to attract and retain employees and key personnel.

Various proposals originating outside the US could also impact Clients. For example, the Organization for Economic Cooperation and Development (“OECD”) is focused on issues relating to cross-border structures and ownership. One example is in the area of “base erosion and profit shifting” (“BEPS”), which includes situations (among others) where payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. In 2013, the OECD published its report and its Action Plan on BEPS. The aim of the report and Action Plan was to address and reduce aggressive international tax planning. BEPS remains an ongoing project. On October 5, 2015, the OECD published its final reports, analyses and sets of recommendations (deliverables) with a view to implementing internationally agreed and binding rules which are

resulting in material changes to relevant tax legislation of participating OECD countries. The final package of deliverables was subsequently approved by the G20 Finance Ministers on October 8, 2015. The final actions to be implemented in the tax legislation of the countries in which Clients will have investments, in the countries where Clients or investors are domiciled or resident, or changes in tax treaties negotiated by these countries, could adversely affect the returns of Clients. One of the BEPS action points (Action 6) is to prevent treaty abuse by developing model treaty provisions to prevent the granting of treaty benefits in inappropriate circumstances. As a minimum standard, the OECD proposes that participating countries should include in their treaties one or both of a “limitation on benefits” provision and a “principal purpose test” which could limit or deny treaty relief in certain circumstances. On November 24, 2016, the OECD published the text of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (the “MLI”), which is intended to expedite the interaction of the tax treaty changes of the BEPS project. On June 6, 2017, 67 signatories covering 68 jurisdictions signed the MLI, and an additional nine jurisdictions expressed their intent to sign the MLI.

The MLI went into effect on July 1, 2018 with the intention to override and complement certain provisions in existing bilateral tax treaties. As of February 23, 2023, 100 countries have signed the MLI and 79 have ratified it. There are some important countries that have not yet signed, including the US and Brazil. As a result, uncertainty remains around the access to tax treaties for certain Clients’ investments’ holding patterns, which could create situations of double taxation and adversely impact such Clients’ investment returns. As a result of this or similar initiatives, tax laws applicable to Clients could change on a prospective or retroactive basis and any such changes could materially adversely affect Clients.

The EU has taken further steps towards tax transparency with the sixth version of the EU Directive on administration and cooperation (“DAC6”). These rules (also known as the EU Mandatory Disclosure Rules) could require taxpayers and their advisers to report on cross-border arrangements with an EU component that bear one of the proscribed hallmarks. The hallmarks are significantly broad such that a large volume of transactions within the financial services context could need to be disclosed. Failure to comply with disclosure obligations can result in fines and penalties. DAC6 could expose the Adviser’s investment activities to increased scrutiny from European tax authorities. Furthermore, many tax authorities are unfamiliar with asset management businesses and dealing with challenges from tax authorities reviewing such information could also place additional administrative burden on the Adviser’s management team or portfolio investment management and ultimately could lead to increased cost which could adversely affect profitability.

## **ITEM 9**

### **Disciplinary Information**

Not Applicable.



## **ITEM 10**

### **Other Financial Industry Activities and Affiliations**

As discussed in Item 4 and 5 above, the Adviser's parent is an affiliate of Apollo, which includes many financial industry affiliates (the "AGM Group"). This item describes relationships with its related persons that the Adviser believes are material to Redding Ridge Asset Management's advisory business and Clients.

The Adviser has a subsidiary, Redding Ridge Asset Management (UK) LLP (the "Management Subsidiary"), which is organized as a limited liability partnership in the UK. The Management Subsidiary is regulated pursuant to the Markets in Financial Instruments Directive II as amended by Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018 ("MiFID II") and acts as investment manager and/or collateral manager to certain CLOs that are primarily collateralized by loans to EU obligors. The Management Subsidiary is wholly owned by Redding Ridge (Cayman) Intermediate Holdings Ltd. The Management Subsidiary has also registered with the SEC as an investment adviser.

Redding Ridge Asset Management and the Management Subsidiary maintain various important relationships with members of the AGM Group, including sharing certain employees. As discussed above in Item 5 see "Other Fees and Expenses" – "Other Fees and Expenses due for Services from the AGM Group"), members of the AGM Group provide various services to Redding Ridge Asset Management and, in turn, the Adviser's Clients. Additionally, Redding Ridge Asset Management and/or its direct owner from time to time engage AGS to provide private placement services; AGS can also be engaged to provide additional services in the future.

The AGM Group, and their respective partners, directors, officers, employees and agents provide investment management services to, and have voting control over, investment funds and could, in the future, carry on investment activities for other clients, including other investment funds, CLOs, CLO warehouses, client accounts and proprietary accounts in which Redding Ridge Asset Management and its Clients will have no interest and whose respective investment programs could be substantially similar or could be conflicting with those of our Clients. Further, conflicts of interest arise from the fact that certain of the employees of Redding Ridge Asset Management (including members of the Management Company Investment Committees, as defined in Item 11) are shared employees who are also employed by entities included in the AGM Group and involved in the management of advisory clients of the AGM Group. Participation in specific investment opportunities is appropriate at times for both Redding Ridge Asset Management's Clients and AGM Group clients. The investment program of AGM Group clients allows investments in CLOs and other instruments in which Redding Ridge Asset Management's Clients could invest.

In situations in which an AGM Group client and/or a Redding Ridge Asset Management Client hold an interest in a common asset that differs from that of a Client, conflicts of interest will arise in connection with, among other things, (i) the nature, timing and terms of each entity's investment, (ii) the allocation of control and other governance rights among the participants, (iii) the strategic objectives or timing underlying each participant's investments, (iv) differing disposition rights, views and/or needs for all or part of an investment and/or (v) resolution of liabilities in connection with an investment among the participants. These conflicts result from various factors, including, among other things, investments in different levels of the capital structure, different measurements of control, different risk profiles, different rights with respect to disposition alternatives, different

investment objectives, strategies and horizons and different target rates of return as well as rights in connection with co-investors.

In light of the various relationships between Redding Ridge Asset Management and the AGM Group, there is an incentive for Redding Ridge Asset Management to pursue investment opportunities in a way that is favorable to the AGM Group. Redding Ridge Asset Management has implemented allocation policies and procedures that are intended, among other things, to mitigate this conflict. Members of the AGM Group at times invest in transactions as principal with respect to loans and securities or other investments that are or could be purchased, sold or held by Clients advised by Redding Ridge Asset Management. Any such affiliate transactions will be undertaken in accordance with applicable provisions of the Advisers Act, AGM and Redding Ridge Asset Management's policies and procedures and governing Client documents. In connection with their ongoing management of currently existing Clients, members of the AGM Group are permitted to invest in Clients or loans in which Clients advised by Redding Ridge Asset Management also maintain an investment.

Redding Ridge Asset Management, pursuant to an agreement with Apollo Credit Management (CLO), LLC ("Apollo Credit"), an affiliate of AGM, has performed and is expected to continue to perform limited services for Apollo Credit relating to the optimization (including, but not limited to, re-financings and "amends and extends") of existing CLOs that are managed by Apollo Credit. In addition, in some cases, Redding Ridge Asset Management has acquired and assumed management of Apollo Credit CLOs through assignment of the CLO's collateral management agreement and could do so again in the future. Redding Ridge Asset Management also performs certain limited non-discretionary services relating to the structuring and optimizing of CLOs and other securitizations to other asset managers and, in certain cases, the securitization vehicles themselves, including certain asset managers and/or securitization vehicles in which members of the AGM Group and/or affiliates of Redding Ridge Asset Management have an interest. In connection with the limited services described in this paragraph, Redding Ridge Asset Management receives fees pursuant to the related service agreements. The limited services described in this paragraph (and the related service fees) create the opportunity for various conflicts of interest with respect to Redding Ridge Asset Management and the entities to which it is providing such services.

Redding Ridge Asset Management and members of the AGM Group have implemented reasonably designed policies and procedures, including information barriers where appropriate to identify and mitigate the conflicts of interest that arise in connection with their relationships.

## **ITEM 11**

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

#### **Code of Ethics**

Redding Ridge Asset Management has adopted a Code of Ethics and Personal Trading Investment Policy (collectively, the "Code"), which was designed to ensure compliance with Rule 204A-1 under the Advisers Act. The Code applies to all Apollo employees, officers, directors, certain consultants, temporary workers, independent contractors, third-party service providers, and operating executives, depending on their relationship to Apollo (each, a "Covered Person"). Redding Ridge Asset Management strives to adhere to the highest industry standards of conduct based on principles of

professionalism, integrity, honesty and trust. Accordingly, the Code incorporates the following general principles that all Covered Persons are expected to uphold:

- (i) Covered Persons must at all times place the interests of Clients first;
- (ii) all personal securities transactions must be conducted in a manner consistent with the Code;
- (iii) any actual or potential conflicts of interest or any abuse of a Covered Person's position of trust and responsibility must be avoided;
- (iv) Covered Persons must not take inappropriate advantage of their positions;
- (v) information concerning the identity of securities and financial circumstances of Clients, including their investors, must be kept confidential; and
- (vi) independence in the investment decision-making process must be maintained at all times.

Finally, Covered Persons are required to comply with applicable laws and regulations, including federal securities laws, at all times.

Covered Persons are required to certify periodically that they have complied with the terms of the Code. Violations of the Code are subject to the imposition of sanctions, up to and including termination.

A copy of the Code will be provided to any Client or prospective Client upon request.

### **Personal Trading Restrictions**

The Code requires that Covered Persons' personal investment activities comply with all applicable laws and regulations. In addition, Covered Persons are required to obtain prior approval for all securities transactions (including, but not limited to, investments in private placements and limited offerings) other than those involving: government and municipal securities; certain exchange-traded funds and closed-end funds; certain mutual funds (i.e., open-ended investment companies); variable annuities; commodities; and transactions in fully-managed accounts. Covered Persons are prohibited from purchasing securities in initial public offerings (except for those of special purpose acquisition companies or real estate investment trusts, which could be permitted subject to pre-approval by compliance ("Compliance")) and initial coin offerings, short sales and purchases of options on equity securities.

The Code provides that approval will generally not be granted for certain securities of companies on applicable restricted list, holdings list or deal pipeline. Further, the Code provides that approval will generally not be granted for the purchase of securities of companies with a market capitalization on the date of the trade request between \$100 million and \$10 billion.

Notwithstanding the foregoing, such policies could be changed from time to time and exceptions may be granted based on a case-by-case basis as Compliance deems appropriate under the circumstances, in its sole discretion.

## Personal Securities Holdings and Transaction Reports

Covered Persons are required to disclose to Compliance all accounts (each an “Employee Related Account”) meeting the following criteria:

- All accounts in the name of (i) the Covered Person, (ii) the Covered Person’s spouse, (iii) any member of the Covered Person’s immediate family to whose support the Covered Person significantly contributes, which may include the Covered Person’s spouse, children, stepchildren, grandchildren, parents, grandparents, stepparents, siblings, persons with whom the Covered Person has an adoptive or in-law relationship, or (iv) any other person to whose support a Covered Person significantly contributes (collectively, “Relevant Persons”);
- All accounts in which any Relevant Person has a direct or indirect beneficial ownership interest, including all accounts in the name of the Covered Person’s spouse; and
- All other accounts over which any Relevant Person exercises any investment control or discretion.

Covered Persons must notify Compliance of the opening of any new Employee Related Account prior to funding the account and of the closing of any previously disclosed Employee Related Account. All Covered Persons who work in the US and maintain discretionary brokerage accounts must maintain such accounts at a brokerage firm on an approved broker list that provides duplicate statements to be reviewed by Compliance electronically.

Subject to limited exceptions, each Covered Person must periodically submit to Compliance, or electronically through the personal trading system, a report of the holdings and transactions in Employee Related Accounts.

The holdings report must contain, at a minimum: (i) the title and type of security and, as applicable, the exchange ticker symbol or CUSIP number, number of shares and principal amount of each reportable security in which each Relevant Person has any direct or indirect beneficial ownership; (ii) the name of any broker, dealer or bank with which each Relevant Person maintains an account in which any securities are held for the Relevant Person’s direct or indirect benefit; (iii) if securities are held other than with a broker, dealer or bank, the location of the securities; and (iv) the date that the Covered Person submits the report to Compliance.

The transaction reports must contain, at a minimum: (i) the date of the transaction, the title and, as applicable, the exchange ticker symbol or CUSIP number, the interest rate and maturity date, the number of shares and the principal amount of each reportable security involved; (ii) the nature of the transaction (i.e., purchase, sale or any other type of acquisition or disposition); (iii) the price of the security at which the transaction was effected; (iv) the name of the broker, dealer, bank or other financial institution with or through which the transaction was effected; (v) if not executed through a broker, dealer or bank or other financial institution, the location of the securities and a description of how the transaction was effected; and (vi) the date that the Covered Person submits the report to Compliance.

For non-US employees, submission to Compliance of a duplicate copy of the most recent periodic financial institution statements of the Relevant Persons will be sufficient to fulfill the holdings and

transactions report requirement if such statements include all required information for all securities. Compliance will ensure that duplicate account information for all accounts of Relevant Persons is sent directly to Compliance or electronically through the applicable personal trading system.

The Code requires each Covered Person to certify, on at least an annual basis that all changes in the Covered Person's Employee Related Accounts have been reported to Compliance or that there have been no changes.

RRAM personnel are generally permitted to invest in alternative investment funds, private equity funds, real estate funds, hedge funds, and other investment vehicles, as well as securities of other companies, some of which are competitors of Clients. Further, there could be circumstances where such relationships and investments generate opportunities for a Client and vice versa. Investors will not receive any benefit from any such investments, and the financial incentives of RRAM personnel in such other investments could be greater than their financial incentives in relation to Clients.

Additionally, certain personnel and other professionals of RRAM have family members or relatives that are actively involved in industries and sectors in which Clients invest or have business, personal, financial, or other relationships with companies in such industries and sectors (including the advisors and service providers described herein) or other industries, which gives rise to potential or actual conflicts of interest. For example, such family members or relatives might be officers, directors, personnel or owners of companies or assets which are actual or potential investments of Clients or other counterparties of Clients and their portfolio investments and/or assets. Moreover, in certain instances, Clients or their portfolio investments may purchase or sell companies or assets from or to, or otherwise transact with, companies that are owned by such family members or relatives or in respect of which such family members or relatives have other involvement. In most such circumstances, Clients will not be precluded from undertaking any of these investment activities or transactions. To the extent RRAM determines appropriate, conflict mitigation strategies may be put in place with respect to a particular circumstance, such as internal information barriers or recusal, disclosure or other steps determined appropriate by the RRAM. Investors rely on RRAM to manage these conflicts, in its discretion.

### **Material Non-Public Information**

The Code includes policies and procedures concerning inside information that are designed to prevent the misuse of MNPI (the "Insider Trading Policies"). Covered Persons are required to certify to their compliance with the Code, including the Insider Trading Policies, on a periodic basis. The Insider Trading Policies prohibit the Adviser and its Covered Persons from trading for its Clients or themselves, or recommending trading in securities of a company, while in possession of MNPI ("Inside Information") about the company, and from disclosing such information to any person not entitled to receive it.

By reason of its activities, Redding Ridge Asset Management could have access to Inside Information, and as a result, be restricted from effecting transactions in certain investments that could otherwise have been initiated. For example, there could be certain cases where Redding Ridge Asset Management or its personnel receive Inside Information due to their various activities on behalf of Redding Ridge Asset Management and/or its Clients, which could result in either limited liquidity for a Client if it desires to engage in a disposition transaction or in Redding Ridge Asset Management or its personnel being prohibited from using such information for the benefit of Clients. Redding

Ridge Asset Management seeks to minimize those cases whenever possible, consistent with applicable law and the Insider Trading Policies, but there can be no assurance that such efforts will be successful and that such restrictions will not occur.

Similarly, Redding Ridge Asset Management and ACM / Apollo do not customarily maintain ethical screens or information barriers between them, and the conflicts and procedures are discussed below under “Relationship Between Redding Ridge Asset Management and ACM” in this Item.

### **Other Provisions of the Code**

Covered Persons are subject to additional standards of conduct relating to the use of funds and property, conflicts of interest and opportunities belonging to Clients, managing investments of related parties and general standards of conduct, including the conduct expected when dealing with Clients and the investors in Clients.

### **Cross Trades and Principal Transactions**

Redding Ridge Asset Management, as part of its operations, from time to time acquires certain senior secured loans or other assets directly (or takes on the credit risk of such senior secured loans and other assets by entering a conditional sale agreement with the issuer) and subsequently transfers such loans or other assets into Client accounts. In accordance with the anti-fraud provisions of the Advisers Act, relevant governing documents and Redding Ridge Asset Management’s internal compliance policies and procedures, Redding Ridge Asset Management provides appropriate written disclosure of such transactions and obtains the prior informed consent of the Client, which could be through a board committee or other person authorized to review disclosures and provide consent on the Client’s behalf and the prior written authorization of Compliance before effecting such transactions when required. In addition, such transactions are only permitted to be affected to the extent the loan asset purported to be transferred to a Client managed by Redding Ridge Asset Management remains an “eligible loan” that is not in default and is permitted by the indenture or governing documents of the Client to be acquired and held by such Client.

Redding Ridge Asset Management could cause one Client it manages and/or invests in to purchase or sell a security or other instrument from or to another Client it manages and/or invests in. In addition, Redding Ridge Asset Management could cause Clients it manages to purchase or sell securities from Clients managed by the AGM Group or other asset managers providing mid- and back-office services to Redding Ridge Asset Management. Such other asset managers (including members of the AGM Group) will employ investment professionals who also act in such capacity for Redding Ridge Asset Management. These trades, though infrequent, are sometimes done to maintain compliance with CLO indentures, which have various collateral tests and concentration requirements. Redding Ridge Asset Management, its vendors and service providers (including members of the AGM Group) effect these transactions in accordance with trading and valuation procedures established by Redding Ridge Asset Management. Redding Ridge Asset Management will initiate such transactions between Clients only when it believes that such a transaction would be advantageous to each Client involved.

Cross trades and principal transactions give rise to conflicts of interest between Clients and between Clients and Redding Ridge Asset Management. For example, one Client could be advantaged to the detriment of another Client in the event that the securities being exchanged are not priced in a manner

that reflects their fair value. In addition, Redding Ridge Asset Management could use its investment authority to transfer unappealing securities from one Client to another Client. To the extent that any cross trades or affiliate transaction described above could be viewed as a principal transaction due to Redding Ridge Asset Management's or its affiliates' ownership interest in a particular Client, Redding Ridge Asset Management will comply with the requirements of Section 206(3) of the Advisers Act and its internal policies and procedures.

In order to ensure that any cross trade or principal transaction is in compliance with the applicable laws and regulations, Redding Ridge Asset Management's applicable investment professionals must provide notice to, and obtain the approval of Compliance and the Client's portfolio manager a member of Apollo Valuations prior to executing a cross trade; additionally, a member of Apollo Legal will provide approval prior to executing a principal transaction. When reviewing a proposed principal transaction, cross trade or affiliate transaction, Compliance will confirm, among other things: (i) that such trade is allowed by the applicable Client's investment guidelines; (ii) that Redding Ridge Asset Management's valuation procedures were followed when pricing the transaction, including obtaining a third-party valuation when appropriate; and (iii) in the case of principal transaction, that notice of the specific trade was provided to the relevant Client or a board committee or other person authorized to provide consent on the Client's behalf and written consent from the Client was obtained in compliance with Section 206(3) of the Advisers Act. Unless otherwise set forth in a Client's Governing Documents, the general partner of a Client is authorized to select one or more persons (each, a "Third-Party Review Agent") who are not affiliated with Redding Ridge Asset Management, to consider and, on behalf of the Client and its investors, review and/or approve such matters or potential conflicts of interest as the general partner may determine, including any principal, agency, agency cross and cross transactions, or matters that could require approval by applicable law, including Section 206(3) of the Advisers Act. The person(s) selected as Third-Party Review Agents may be exculpated and indemnified by the Client in the same manner and to the same extent as the general partner is so exculpated and indemnified under a Client's Governing Documents, and the general partner will have the authority to agree to reimburse such person(s) for their out-of-pocket expenses and to indemnify them (at the Client's expense) to the maximum extent permitted by law. Unless otherwise set forth in a Client's Governing Documents, the general partner of a Client is authorized to submit such matters to the Third-Party Review Agent for their review and consent, which review and/or consent will be binding on the Client and its investors, and will not be obligated to separately seek the review or consent of the advisory board or the investors with respect to such matters.

### **Financial Interest of Redding Ridge Asset Management and its Affiliates in Clients**

Redding Ridge Asset Management and its affiliates are permitted to invest in Clients and often invest on terms more favorable than those available to other investors. Redding Ridge Asset Management generally intends to hold an interest in the securities of each of the Clients it manages sufficient to satisfy the European risk retention requirements promulgated under the EU Securitization Laws or any other applicable risk retention requirement. Redding Ridge Asset Management's ownership of such securities could give it majority control positions in the equity securities of these Clients. Such positions can include voting or control rights for the Adviser and its affiliates with respect to matters as to which the holders of securities are entitled to vote, including without limitation any vote to direct a redemption or refinancing and any vote to accelerate or not to accelerate the payment of certain Client securities. In addition, Redding Ridge Asset Management, any of its affiliates and any Client could at any time acquire Client securities in any other Client, and Redding Ridge Asset

Management could own a higher percentage of Client securities in one Client versus another Client. Redding Ridge Asset Management and any such person acquiring such securities will act in their own interests with respect to such securities, and such interests could conflict with or be adverse to the interests of other holders of securities in such Clients. Any such control position or investment in these equity securities could give Redding Ridge Asset Management an incentive to take actions that deviate from or conflict with the interests of the holders of the Client debt securities. Policies and procedures are in place to prevent Redding Ridge Asset Management from taking into account its ownership interest in any Client when making allocation decision for any particular investment.

## **Relationship Between Redding Ridge Asset Management and ACM**

Redding Ridge Asset Management has contracted for the provision of mid- and back-office services associated with its asset management business, including trading, loan settlement, portfolio analysis and reporting, research, credit review and monitoring, asset valuation and risk and compliance management. These services will be provided to Redding Ridge Asset Management by ACM under written governing agreements.

Certain investment professionals and other employees or officers of Redding Ridge Asset Management are also investment professionals or employees of other entities, including AGM and its affiliates. Redding Ridge Asset Management's Board of Directors (the "Board") has appointed and delegated authority to two separate investment committees ("Management Company Investment Committees") to make certain investment decisions. The Credit Investment Committee is the Management Company Investment Committee that makes decisions with respect to the underwriting and selection of assets purchased or sold for Clients. The Credit Investment Committee is comprised of three members. The other Management Company Investment Committee is responsible for making recommendations to the Board with respect to the terms and structure of Clients in which Redding Ridge Asset Management acts as collateral manager, including with respect to the key terms and structure of any warehouse, refinancing, re-pricing or redemption thereof (the "Structured Credit Investment Committee"). The Structured Credit Investment Committee is comprised of three members. At least two members of each Management Company Investment Committee are non-shared employees. Generally, all decisions of a Management Company Investment Committee must be unanimously approved by its members or, in the event of the absence of any member, by all members present (which must include at least one non-shared employee). Such individuals serve at the discretion and subject to the control and direction of the Board. Board members are elected by Redding Ridge Asset Management's pass-through members, which consist of the underlying investors of the Adviser's parent, Redding Ridge Holdings LP. A majority of the five-member Board consists of individuals who are not affiliated with Redding Ridge Asset Management or the AGM Group (including ACM).

Redding Ridge Asset Management and ACM do not customarily maintain ethical screens or information barriers between them that would separate persons who make investment decisions from others who might possess MNPI that could influence such decisions. In the event that any employee of Redding Ridge Asset Management or ACM or Apollo obtains such MNPI or has an interest in causing any CLOs and/or securitizations to acquire or sell a particular investment, Redding Ridge Asset Management or members of ACM or Apollo, as applicable, could be restricted in acquiring or disposing of investments on behalf of Redding Ridge Clients or ACM or Apollo clients, including any CLOs and/or securitizations in which they invest, which could impact returns. Notwithstanding that Redding Ridge Asset Management and ACM do not maintain information barriers between



them, they could, in certain cases, manage possible risks associated with access to MNPI by maintaining information barriers that limit the dissemination of MNPI.

Certain investment professionals and other shared employees or officers of Redding Ridge Asset Management are also investment professionals or employees of other investment advisers. Such individuals are separately engaged and compensated by Redding Ridge Asset Management and serve at the discretion and subject to the control and direction of Redding Ridge Asset Management's Board.

The relationships between Redding Ridge Asset Management and ACM can create conflicts of interest for their clients, including conflicts arising from the allocation of investment opportunities identified by investment professionals of both Redding Ridge Asset Management and ACM, which could be appropriate for clients of both advisers, as both Redding Ridge Asset Management and ACM currently act as collateral managers for CLOs. Redding Ridge Asset Management and ACM address such conflicts of interest by submitting each investment opportunity, which has been independently approved by the investment committee of each adviser for its clients, to a joint allocation committee consisting of individuals who are officers or employees of both entities. Such opportunities are then allocated among the clients of Redding Ridge Asset Management and ACM in a manner designed to achieve a fair and equitable allocation of investment opportunities among participating accounts over time without regard to which of Redding Ridge Asset Management or ACM serves as the account's collateral manager. In general, such allocation determinations follow the procedures and criteria described above under "Allocation of Investment Opportunities" in Item 6.

## **ITEM 12**

### **Brokerage Practices**

#### **Best Execution and Soft Dollars**

Redding Ridge Asset Management generally has discretion over the selection and amount of securities to buy or sell for a Client without obtaining specific Client consent to a transaction. Redding Ridge Asset Management also generally has discretion to select the broker, dealer or other counterparty to effect a particular transaction and, where negotiable, the commission rates or other compensation paid by Clients.

Redding Ridge Asset Management has a duty to seek best execution for Client trades in public securities over which it has discretion. Best execution involves both quantitative and qualitative aspects, and best execution does not always mean the lowest available commission rates for a transaction. Best execution generally refers to the execution of portfolio transactions in such a manner that total cost or proceeds in each transaction is expected to be the most favorable under the circumstances. In evaluating the quality of execution and selecting broker-dealers to execute Client transactions, Redding Ridge Asset Management considers various factors, such as execution capability, transaction charges, such as spreads, financial responsibility, confidentiality and responsiveness.

Redding Ridge Asset Management (including for this purpose the service providers that provide mid- and back-office services to Redding Ridge Asset Management) maintains a database on all of the assets it manages and communicates with the various broker-dealers in the marketplace. Prior

to every trade, Redding Ridge Asset Management, or the service providers (including Affiliated Service Providers), reviews this information and recent quotes in the market to identify the broker-dealer that it believes will provide the best overall price, certainty and quality of execution.

In connection with the outsourcing of services performed by such service providers, Redding Ridge Asset Management has adopted policies and procedures to ensure it is fulfilling its best execution obligations and to address conflicts of interest raised by brokerage practices.

### *Loan Transactions*

When acquiring or selling certain loans in the secondary market on behalf of Clients, there is not always a public secondary market for these types of loans, which are less liquid than instruments traded in traditional public securities markets, and Redding Ridge Asset Management or its service providers may trade through its desk, subject to limited exceptions.

In addition to the general factors considered as listed above, there are several additional factors and circumstances considered when selecting a broker-dealer in the leveraged loan market, including:

- (i) *Relevant Market Place.* The senior secured bank loan market, and to a lesser extent the high-yield bond market, does not involve an exchange where current asset prices are readily available. Further, the senior secured loan market is a private market in which the level of information known by dealers and various investors ranges significantly. Redding Ridge Asset Management strives to maintain solid relationships and information flow with not just the “top-tier” dealers, but many of the active dealers in the market;
- (ii) *Liquidity.* Certain investments are highly illiquid, whereby very few dealers are able to make a market in the security or instrument. Further, a dealer could be one-sided (only has an offer or a bid) for a particular position;
- (iii) *Assignment Fees.* In some cases, the transfer of a senior secured bank loan entails the payment of an assignment fee to the administrative agent. Depending on the size of the trade and the number of funds the asset will be allocated to/from, these fees can be significant. The manager will attempt to limit the frequency of assignments resulting in additional fees;
- (iv) *Agent Bank Considerations.* In addition to the possibility of eliminating assignment fees, there are other potential benefits, as well as potential disadvantages, to trading with (or away from) the administrative agent. All trades are disclosed to the trading desk of the administrative agent, and accounts, which provide high and consistent trading volume with the administrative agent, are generally more likely to receive allocations of primary transactions. Further, the administrative agent typically: is the most knowledgeable dealer regarding the trading of an asset; understands who the buyers and sellers are; and can provide additional information when a certain asset is trading;
- (v) *Idea Generation.* Redding Ridge Asset Management values the insight and research of the dealers in exchange for Client transactions. To the extent a dealer provides information or insight into a credit, Redding Ridge Asset Management generally prefers

to execute a trade in that credit with that dealer, provided the price is within its understanding of market levels; and

- (vi) *Complexity of the Asset or Transaction.* Transactions in senior secured bank loan assets, in particular, can be very complex, requiring an understanding of trading levels and features of numerous tranches and structural differences among the financial instruments of a particular issuer. Redding Ridge Asset Management believes that it is important to transact with dealers that understand these factors.

## **Research, Soft Dollars and Other Client Commission Arrangements**

Redding Ridge Asset Management and its service providers do not currently (although they could in the future) make use of commission sharing arrangements where brokerage business is promised in exchange for proprietary or third-party services (“soft dollar” arrangements). Service providers, however, can receive research, brokerage products and other services in ordinary course of trading on behalf of Redding Ridge Asset Management’s CLOs. These bundled services are made available on an unsolicited basis, without regard to the rates of commissions charged or paid by Clients or the volume of business directed to such broker-dealers. To the extent that Client brokerage commissions (or markups or markdowns) are used to obtain research, brokerage products or other services, the service providers would receive a benefit because they would, in that case, not need to produce or pay separately for the research, brokerage products or other services received. Service providers could therefore have an incentive to select or recommend a broker-dealer based on their interest in receiving research or brokerage products or other services, rather than on Client interest in receiving the most favorable execution.

Pursuant to MiFID II, research provided by broker-dealers is required to be charged separately from other execution services. As a result, the Management Subsidiary, a MiFID II regulated firm, can no longer accept the provision of research for free or as part of bundled services. The Management Subsidiary has decided to bear the expense of research from its own account.

## **No Brokerage for Client Referrals**

Redding Ridge Asset Management and its service providers do not consider, in selecting or recommending broker-dealers, whether the Adviser or its related persons receives client referrals from a broker-dealer or third party.

## **No Directed Brokerage**

Redding Ridge Asset Management does not permit a Client to direct us to execute transactions through a specified broker-dealer.

## **Trade Aggregation**

If Redding Ridge Asset Management determines that the purchase or sale of the same security is in the best interest of more than one Client, Redding Ridge Asset Management can, but is not obligated to, aggregate orders in order to reduce transaction costs to the extent permitted by applicable law. In addition, ACM, as service provider, can affect trades jointly for ACM clients and for Redding

Ridge Asset Management Clients. Such joint trades are allocated between such entities and their clients as described above in Item 11, “Relationship Between Redding Ridge Asset Management and ACM.” Under certain circumstances, Redding Ridge Asset Management believes that aggregation of orders for multiple Clients (including aggregated trades where clients of ACM are also participants) is consistent with its duty to seek best execution for its Clients. For example, aggregation of orders can facilitate more efficient and less costly execution by enabling a broker to “work” a large order throughout the day, rather than dealing with multiple small orders, and avoids competition in the marketplace among what otherwise would be smaller, separate orders for Redding Ridge Asset Management Clients (or ACM and Redding Ridge Asset Management clients individually). In any case in which Redding Ridge Asset Management believes that aggregation would lead to results not in the best interest of its Clients (e.g., higher transaction costs taking into account all appropriate factors), it will not affect the transaction on an aggregated basis. If for any reason Redding Ridge Asset Management does not aggregate orders when it has the opportunity to do so, Clients could experience higher costs.

When an aggregated order is filled through multiple trades at different prices from the same time period within a trade day, each participating Client will receive the average price with transaction costs allocated pro rata based on the size of each Client’s participation in the order (or allocation in the event of a partial fill) as determined by Redding Ridge Asset Management. In the event of a partial fill, allocations generally will be made pro rata based on the initial order but could be modified on a basis that Redding Ridge Asset Management deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. This could result in allocations of certain investments on other than a pro rata basis. See Item 6 for additional information on investment allocations.

### **ITEM 13**

#### **Review of Accounts**

The accounts of each CLO managed by Redding Ridge Asset Management are reviewed on an ongoing basis by Redding Ridge Asset Management’s Chief Investment Officer and Management Company Investment Committee and not less frequently than quarterly by Redding Ridge Asset Management’s Board. Reviews will assess overall portfolio strategies, performance and compliance with the CLO indentures. Primary responsibility for the execution of these roles resides with the Chief Investment Officer.

The trustee of each CLO provides investors with monthly and quarterly reports as described in the indenture for each CLO. Redding Ridge Asset Management could also furnish reports to the trustees of the CLOs for which it provides investment advisory services.

In some cases, an investor or prospective investor could receive information on a preferential basis, whether pursuant to an agreement with Redding Ridge Asset Management or on an *ad hoc* basis. Redding Ridge Asset Management generally is not obligated to offer such information to other investors. To the extent Redding Ridge Asset Management or an affiliate invests in a CLO, Redding Ridge Asset Management or such affiliate will generally have more information and receive such information sooner than other investors.

**ITEM 14**  
**Client Referrals and Other Compensation**

In the ordinary course of business, Redding Ridge Asset Management or a related person can send corporate gifts to or pay for meals and entertainment, such as attending cultural or sporting events, for individuals of firms that do business with Redding Ridge Asset Management or its affiliates. Redding Ridge Asset Management's Covered Persons also could be the recipients of corporate gifts, meals and entertainment. The giving and receipt of gifts and other benefits is subject to limitations under the Adviser's Code. Redding Ridge Asset Management pays fees to consultants for their advice and services, industry information or data or conference attendance.

**ITEM 15**  
**Custody**

Redding Ridge Asset Management does not maintain custody of CLO assets. Rather, such assets are held by the trustee or collateral administrator of each CLO. As noted in Item 13, the trustee provides investors in the CLO with periodic reports on the composition and performance of the CLO.

**ITEM 16**  
**Investment Discretion**

Redding Ridge Asset Management generally receives and exercises discretionary authority to manage investments on behalf of each Client for which it provides investment advisory services. To the extent a Client imposes investment guidelines or restrictions regarding the management of the assets of the Client (e.g., concentration limits, credit quality), such guidelines or restrictions serve as a limitation on Redding Ridge Asset Management's discretion. Redding Ridge Asset Management's discretionary authority as to the assets of each CLO for which it provides investment advisory services is set forth in the Management Agreement and other constituent documents of the CLO.

**ITEM 17**  
**Voting Client Securities**

The Management Agreement and constituent documents of each CLO set forth Redding Ridge Asset Management's authority, if any, to vote on modifications to loan terms and covenants without investor guidance. Redding Ridge Asset Management faces conflicts of interest with regard to voting, including in cases where it or an affiliate has a substantial business relationship with a company and the failure to vote in favor of company management could harm the relationship with management. Conflicts also arise in the event a senior executive of a company and principal of Redding Ridge Asset Management or one of its affiliates has a significant personal relationship that could affect how Redding Ridge Asset Management would vote on a matter relating to the company.

Redding Ridge Asset Management has adopted and implemented policies and procedures, which it believes are reasonably designed to ensure that Redding Ridge Asset Management votes proxies, or elects not to vote proxies, in the best interests of its Clients. For example, if a Redding Ridge Asset Management representative sits on the board of directors of a company that is the subject of a proxy, Compliance will undertake a review prior to any vote by the proxy recipient to determine whether a material conflict of interest exists between Redding Ridge Asset Management and the interests of its Client or between Redding Ridge Asset Management and the company's shareholders. In the

event that a material conflict of interest is identified, Compliance will take such steps as it deems necessary in order to determine how to vote the proxy in the best interests of the Client, including, but not limited to, consulting with legal, outside counsel, a proxy consultant or the investment professionals responsible for the relevant portfolio investment.

A copy of the Adviser's proxy voting policy and a record of how proxies have been voted is available upon Client request.

### **ITEM 18**

#### **Financial Information**

This Item 18 is not applicable. Redding Ridge Asset Management is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet its contractual commitments to Clients and has not been the subject of a bankruptcy petition at any time during the past ten years.