



This ADV brochure, dated March 31, 2023, provides information about the qualifications and business practices of:

**Invesco Loan Manager, LLC (“ILM”)**

225 Liberty Street  
New York, New York 10281

*This brochure provides information about the qualifications and business practices of Invesco Loan Manager, LLC (“ILM”) and its relying advisers, Invesco CLO Equity Fund 3 L.P. (“ICE 3”), Invesco RR Fund L.P. (“IRRF”), Invesco European RR L.P. (“IRRF-Euro”), Invesco CLO Equity Fund IV L.P. (“ICE 4”) (together, the “Funds”) and HarbourView Asset Management Corporation (“HarbourView”) (together with the Funds, the “Relying Advisers” or the Relying Advisers together with ILM, the “Advisers”). If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Joshua Levit, at (972) 715-5884 or by email at [josh.levit@invesco.com](mailto:josh.levit@invesco.com). Additional information about the Advisers is available on the U.S. Securities and Exchange Commission’s (“SEC”) website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training on the part of the Advisers.*

## **Item 2 - Material Changes**

---

There were no material changes made to the ILM brochure since the last annual update on March 29, 2022.

## Item 3 - Table of Contents

<b>Item 2 - Material Changes .....</b>	<b>ii</b>
<b>Item 4 - Advisory Business .....</b>	<b>1</b>
Firm Description.....	1
The Relying Advisers .....	1
Types of Advisory Services.....	1
Client Restrictions .....	2
Assets Under Management .....	2
<b>Item 5 - Fees and Compensation .....</b>	<b>2</b>
Other Fees and Expenses .....	3
<b>Item 6 - Performance-Based Fees.....</b>	<b>3</b>
<b>Item 7 - Types of Clients .....</b>	<b>4</b>
<b>Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss .....</b>	<b>5</b>
Methods of Analysis.....	5
Investment Strategies .....	6
Risk of Loss .....	6
<b>Item 9 - Disciplinary Information.....</b>	<b>15</b>
<b>Item 10 - Other Financial Industry Activities and Affiliations.....</b>	<b>16</b>
Relying Advisers .....	16
Arrangements with Affiliates .....	16
<b>Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</b>	<b>18</b>
Participation or Interest in Client Transactions.....	19
<b>Item 12 - Brokerage Practices .....</b>	<b>21</b>
<b>Item 13 - Review of Accounts.....</b>	<b>22</b>
Periodic Reviews .....	22
Reports .....	22
<b>Item 14 - Client Referrals and Other Compensation.....</b>	<b>23</b>
Solicitors .....	23

<b>Item 15 - Custody .....</b>	<b>23</b>
<b>Item 16 - Investment Discretion .....</b>	<b>23</b>
Discretionary Authority for Trading.....	23
Aggregation of Orders.....	23
Investment Allocations .....	24
Cross and Principal Transactions .....	24
<b>Item 17 - Voting Client Securities.....</b>	<b>25</b>
<b>Item 18 - Financial Information .....</b>	<b>26</b>
<b>Item 19 - Requirements for State-Registered Advisers.....</b>	<b>26</b>

## Item 4 - Advisory Business

---

### Firm Description

ILM, a Delaware limited liability company, was formed in October 2019 to act as an investment adviser to certain of the Funds which will themselves act as collateral managers to collateralized loan obligations (“CLOs”) and the warehouse financing facility established to ramp up investments in a particular CLO (a “Warehouse Facility,” together with Funds and CLOs, “Clients”). Invesco Senior Secured Management, Inc. (“ISSM”), an SEC-registered investment adviser to some of the Funds, is the sole member of ILM (ISSM and ILM, together with its affiliates, “the Firm”). ISSM is directly owned by Invesco Advisers, Inc., which is wholly owned by Invesco Group Services, Inc. Invesco Ltd. (“Invesco”) is the ultimate parent company. Invesco is a publicly owned company whose shares are listed on the New York Stock Exchange under the symbol, “IVZ”. Invesco is a leading independent global investment management firm dedicated to helping investors worldwide achieve their financial objectives.

---

### The Relying Advisers

The Funds were formed by ISSM to invest in CLO transactions for which the Relying Advisers or an affiliate thereof will act as collateral manager (each, an “Invesco Managed CLO”) and, to the extent applicable, to enable ISSM to comply with the European Union risk retention requirements (the “EU Risk Retention Requirements”) with respect to such managed CLOs. ISSM, as the sole member of the general partner of each fund, oversees the operations of the Funds.

- ICE 3 is a Delaware limited partnership formed in in 2019.
- IRRF is a Delaware limited partnership formed in 2015.
- IRRF-Euro is a Delaware limited partnership formed in 2017.
- ICE 4 is a Delaware limited partnership formed in in 2021.

HarbourView is an investment adviser registered with the SEC since 1986. Invesco Advisers Inc. is the direct owner of HarbourView and Invesco is the ultimate parent company. HarbourView was acquired by Invesco as part of its May 24, 2019 acquisition of the OppenheimerFunds, Inc. investment management business from Massachusetts Mutual Life Insurance Company (“MassMutual”).

---

### Types of Advisory Services

ILM has been appointed as investment adviser to certain of the Funds, and in such capacity will be responsible for their investment activities. The Funds’ services will generally consist of: (i) acting as a CLO manager of CLO transactions and related

Warehouse Facilities; (ii) facilitating compliance with the applicable EU Risk Retention Requirements; and (iii) providing first loss in connection with Warehouse Facilities entered into by the Funds. The CLOs will invest in private debt instruments, primarily floating rate corporate loans.

---

### **Client Restrictions**

The Advisers provide investment advice directly to their respective Clients and not individually to the investors in the Clients. ILM and the Relying Advisers manage each of their Clients in accordance with the Client's investment objectives, strategies, restrictions and guidelines, and do not tailor their management to the individualized needs of any particular investor in such Client. Therefore, investors in a Fund and/or CLO must consider whether the Fund or CLO meets their investment objectives and risk tolerance prior to investing. Each of the Clients for which the Advisers provide investment advisory services may impose limitations on the types of instruments in which the Client may invest. In particular, each CLO for which the Relying Advisers provide investment advisory services is governed by an indenture that places significant restrictions on the types of instruments that may be purchased on behalf of the CLO. Information about each Client advised by the Advisers is contained in the organizational or offering documents relating to the Client, as well as in the advisory agreements and/or side letter agreements negotiated with investors (such documents collectively, a Client's "Organizational Documents").

---

### **Assets Under Management**

As of December 31, 2022, the Advisers managed \$10,840,279,902 in regulatory assets on a discretionary basis.

## **Item 5 - Fees and Compensation**

---

The Funds or their affiliates generally will receive a fee from a CLO that consists of two components – a base management fee and a performance fee. The rates, calculation method, and payment method for the Funds' fees will be set forth in the applicable CLO's Organizational Documents.

Fees charged with respect to a CLO will be negotiated with the CLO's investors prior to any investment in such CLO. The amount of such fees will be calculated and billed by the trustee or administrator of the CLO. Full disclosure of these fees will be found in the applicable CLO's Organizational Documents, which may include side letter agreements, if any, and may vary among CLOs. The Funds will not receive a fee from any Warehouse Facility.

ILM or its affiliates will receive all net management and performance fees received by the Funds from an Invesco Managed CLO (after payment of expenses incurred under services agreements with ISSM). Except as provided in the previous sentence, ILM will not receive any fees from the Funds.

---

## **Other Fees and Expenses**

The Funds' advisory fees will not represent all the fees and expenses that CLOs (and, indirectly, investors) may pay. The other fees and/or expenses that Clients may possibly pay will typically fall into three general categories: (1) organizational expenses in connection with establishing and organizing a Client; (2) operational expenses, which include ongoing costs and expenses in connection with operating a Client, including those that are transactional and regulatory in nature; and (3) investment-related expenses in connection with the pursuit or sourcing of particular investments and ongoing investment costs. Certain CLO governing documents permit the Advisers to allocate transaction expenses for dead deals back to the applicable CLO. The operational expenses Clients will be responsible for paying include custodial fees, brokerage commissions, and/or other commission equivalents related to transactions in their advisory accounts.

The Organizational Documents for a CLO may set forth specific expenses that will (or will not) be borne by the Client, and the provisions of the Organizational Documents will supersede this Brochure to the extent of any conflict.

Certain expenses may be incurred on behalf of multiple Clients, and on occasion, an expense may be incurred on behalf of the Relying Advisers or an affiliate of the Relying Advisers as well as one or more Clients. To address the potential conflicts of interest associated with the allocation of such expenses, the Advisers will make any such allocation determination on a fair and equitable basis using their good faith judgment, notwithstanding their interest (if any) in the allocation, and as permitted by Client governing documentation. The Advisers have adopted policies and procedures designed to ensure the equitable allocation of expenses among Clients and, as applicable, the Funds.

## **Item 6 - Performance-Based Fees**

---

The Relying Advisers or their affiliates generally will receive a performance fee from the CLOs. The rates, calculation method, and payment method for the Funds' performance fees will be set forth in the applicable CLO's Organizational Documents. Performance-based fees may create an incentive for the Funds to make investments

that are riskier or more speculative than those that might have been made in the absence of such fees.

In order to manage these potential conflicts, the Firm has adopted policies and procedures governing the allocation of investment opportunities. The policy requires the Funds, as relying advisers, to treat each of its advisory clients in a manner consistent with its fiduciary obligations and prohibits the Funds from favoring any particular account because of the ownership or economic interests of the Funds, its affiliates or employees. The policies and procedures seek to ensure that the allocation of investment opportunities across accounts is fair and equitable over time, and is consistent with applicable laws, rules, and regulations that may apply to the Funds based on the nature of its clients. Under these policies and procedures, and consistent with its fiduciary obligations, the Funds will allocate investment opportunities among Client accounts based upon a number of factors that may include, but are not limited to, investment objectives and guidelines, restrictions, investment strategy, risk tolerance, availability of other investment opportunities and cash available for investment.

Please see Items 10, 11 and 16 below for additional information relating to how conflicts of interest will generally be addressed by the Advisers.

## **Item 7 - Types of Clients**

---

The Advisers' Clients include the Funds, each an affiliated entity and relying adviser of ILM.

The Funds, as relying advisers, will provide investment advisory services as collateral managers to pooled investment vehicles that are structured as CLOs and investments in the Funds and CLOs generally will be available only to institutional investors and certain high net worth investors that are "qualified institutional buyers" and "qualified purchasers" or non- "U.S. persons" or, in the case of employees, "accredited investors" and "knowledgeable employees", within the meaning of the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended (the "1940 Act"), as applicable. These CLOs typically will be excepted from registration with the SEC as investment companies pursuant to Section 3(c)(1) or Section 3(c)(7) of the 1940 Act. The terms and conditions of each Client account may vary from Client to Client depending on the type of services provided or the type of client, and these terms and conditions will be negotiated by the Funds in each case.

The Funds, as relying advisers, will also provide investment advisory services to Warehouse Facilities.



Certain Clients, such as CLO vehicles, generally impose certain terms and conditions on their investors as described in more detail in the Organizational Documents. Please note that this Brochure should not be deemed to be a general solicitation and does not constitute an offer to sell or a solicitation of an offer to buy any type of interest in any entity advised by the Advisers. Investors and other recipients should be aware that while this Brochure may include information about a Client, as necessary or appropriate, it is not a complete discussion of the features, risks or conflicts associated with a Client. The Organizational Documents for each Client will contain more complete information about the Client and such offering documents may be provided to current and eligible prospective investors only by the Advisers or another authorized party. This Brochure is designed solely to provide information about the Advisers for the purpose of compliance with certain obligations under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in offering documents for a Client. To the extent that there is any conflict between discussions herein and similar or related discussions in any applicable Organizational Document, the Organizational Documents shall govern.

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

---

### **Methods of Analysis**

The Funds will employ fundamental bottom-up credit analysis that evaluates default risk and recovery value based upon factors such as management, cash flow, industry position and dynamics, sponsors and arrangers, capital structure, asset quality and divisibility, recovery and loan-to-value.

The Funds will use a proprietary rating which incorporates the probability of default and recovery in the event of default. Credit selection and portfolio construction seek to balance the relative value against the specified investment objective of each managed fund.

ESG considerations are increasingly integrated into the Advisers’ fundamental research process for certain products. ISSM has developed a proprietary framework, shared with the Advisers, for rating each issuer from an ESG perspective. Credit analysts are responsible for independently rating each loan they cover from an ESG perspective. They conduct diligence reviews with issuers’ management teams to inform a rigorous, multifaceted screening process in which each loan is measured on a scale of 1 to 5 (with 1 indicating “negligible risk” and 5 indicating “high risk”) on numerous ESG factors. To derive an issuer level ESG rating, the Advisers: 1) Average the various factors under each E/S/G pillar to determine Pillar Ratings; and 2) Weight each pillar by the industry sector E/S/G pillar weights published by MSCI ESG Research to come up with an ESG Composite Score that along with the E, S and G pillar ratings is approved by the Committee. Beginning in late 2022, the diligence conducted

includes a request for metrics related to 14 Principal Adverse Impacts that are required to be requested/reported per the European Sustainable Finance Disclosure Regulation (SFDR). ESG criteria will be reviewed and applied on an ongoing basis and each overall ESG rating will be reviewed formally, at least annually, for all issuers held in ESG compliant funds and those subject to SFDR. Assessments of ESG factors do not necessarily mean that the Advisers will refrain from taking or maintaining a position in a issuer for non-ESG compliant funds. Rather, the Advisers will consider the assessments together with other material factors in the context of the specific investment. Held positions in ESG compliant funds that fall out of compliance will be disposed of in a reasonable amount of time or as otherwise specified in client agreements.

The Funds also will use research from third-party vendors such as Markit, Bloomberg, Moody's, S&P, and Thomson Reuters. Additionally, expert networks may be used to facilitate discussion with industry professionals. All third-party research providers will be paid in cash.

---

### **Investment Strategies**

The Funds were formed to invest in CLO transactions for which the Relying Advisers or an affiliate thereof will act as collateral manager and, to the extent applicable, to enable ISSM to comply with the EU Risk Retention Rules, if applicable, with respect to such CLOs. The CLOs will invest in private debt instruments, primarily floating rate corporate loans.

---

### **Risk of Loss**

Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. While the Advisers will seek to mitigate risks so that they are appropriate to the return potential for the Client or strategy, it is usually not possible or desirable to fully mitigate risks. Prospective investors should carefully consider the following risks, along with those risk factors described in the applicable governing documents. There can be no assurance that investment strategies will be carried out successfully. Investors should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses.

The risk factors briefly summarized below may not be applicable to all Clients. This summary does not purport to be a complete list or explanation of the risks involved in an investment. The Organizational Documents of each Client typically will include a more detailed summary of material risks applicable to that Client's investment strategy and structure and should be read in conjunction with the risks below. Investments made by the Clients involve a number of material risks, including, but not limited to the following:

Business Risk - These risks are associated with a particular industry or a particular company within an industry.

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

Market Risk - The price of an investment may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of an investment's particular underlying circumstances. For example, political, economic and social conditions may trigger market events. The U.S. and global financial markets and the broader financial environment have been, and continue to be, characterized by uncertainty, volatility, and instability and have been and continue to be impacted by global events such as pandemics, political unrest, and military invasions or acts of war. The volatility can negatively impact investments, and it is unclear what the repercussions of this market turmoil will be or whether measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions.

Liquidity Risk - Liquidity is the ability to readily convert an investment into cash.

Reinvestment Risk - The risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate).

Interest Rate Risk - Client investments may be exposed to interest rate risks. Changes in prevailing market interest rates could negatively affect the value of such investments. Market interest rates may be affected by inflation, slow or stagnant domestic and global economic growth or recession, unemployment, money supply, governmental monetary and fiscal policies, international disorders and instability in domestic and foreign financial markets. The historically low interest rate environment observed over the past several years was created in part by the Federal Reserve Board ("FRB") and certain foreign central banks keeping the federal funds and equivalent foreign rates at or near zero. In recent years, the FRB and certain foreign central banks began "tapering" their quantitative easing programs, leading to fluctuations in the Federal Funds Rate and equivalent foreign rates. In response to the impact of the COVID-19 pandemic, in March 2020 the FRB announced cuts to the Federal Funds Rate and a new round of quantitative easing, before implementing another round of rate increases in 2022. It is difficult to predict the impact of these rate changes and any future rate changes on various markets. Any additional changes to the monetary policy by the FRB and foreign central banks or other regulatory actions may affect interest rates and/or reduce liquidity for fixed-income investments, particularly those with longer maturities. In addition, decreases in fixed-income dealer market-making

capacity may also potentially lead to heightened volatility and reduced liquidity in the fixed-income markets. As a result, the value of the Funds' investments and share price may decline.

Credit Risks of Investments in Debt Securities and Bank Loans - Debt portfolios are subject to credit risk, which is the likelihood that a borrower will default in the payment of principal and/or interest on an instrument, among other covenants and requirements. Financial strength and solvency of a borrower are the primary factors influencing credit risk. Borrowers may face intense competition, changing business and economic conditions or other developments that may adversely affect their performance and increase credit risk. In addition, subordination or lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an investment. Further, borrowers may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement and/or bring claims for lender liability in response to actions to enforce debt obligations. If any of the above occurred, a Client's investment in such debt investments could be adversely affected.

Inflation Risk - When any type of inflation is present, purchasing power is eroding at the rate of inflation.

Currency Risk - Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk. Although Client accounts generally will be denominated in U.S. dollars, certain Client investments may be denominated in a foreign currency, which may subject those Client accounts to currency risk.

Side Letters - The Advisers offer side letters to specific investors supplementing or altering the terms, rights, or provisions of the applicable Organizational Documents of a Client including, but not limited to, economic terms, fee structures, information rights, and liquidity or transfer rights.

Leverage Risk - Leverage is the use of borrowed capital to increase the potential return of an investment. Levered portfolio investments have increased exposure to risks, including adverse fluctuations in interest rates, downturns in the economy and the inability to refinance debt as it matures.

Dependence on the Portfolio Managers - The success of Client accounts depends upon the ability of the Advisers to develop and implement investment strategies that achieve a Clients' investment objectives. Subjective decisions made by the Advisers may cause a Client account to incur losses or to miss profit opportunities on which it may otherwise have capitalized. The Advisers rely on valuations of underlying investments provided by their or their affiliates' portfolio managers in valuing certain more illiquid interests. Operational failures or misconduct by the Advisers' or

affiliates' portfolio managers may result in these valuations being inaccurate, which in turn may adversely impact Client accounts and their underlying investors.

CLO Risks - Structured finance securities such as CLOs entail a variety of unique risks. The performance of a CLO is affected by a variety of factors, including its priority in the capital structure of the issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets. The value of CLOs may be difficult to determine and generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CLO, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. CLOs are also subject to operational, credit, liquidity, and interest rate risks.

In connection with the pre-closing of a new CLO, the Funds will bear the risk of being obligated to purchase the assets they have selected for the CLO from the CLO issuer if such identified asset becomes ineligible for purchase by the CLO between the CLO pricing date and the CLO closing date. In connection with the launch of a new CLO, the Relying Advisers may acquire investments in the primary market or in the secondary market from third parties which are intended to form part of the CLO (each, an "Originator Asset"). To facilitate compliance with the Originator requirement of EU Risk Retention, to the extent applicable, the Relying Advisers and the CLO Issuer may enter into a conditional sale agreement on or around the pricing date of the respective CLO. Under this agreement, the Relying Advisers will identify certain assets it has selected for purchase by the new CLO, and the aggregate principal amount of such identified assets shall equal at least 5% of par amount of the assets held by the new CLO. The Relying Advisers shall be obligated to purchase such asset from the CLO issuer if such identified asset becomes ineligible for purchase by the CLO between the CLO pricing date and the CLO closing date. Any such purchase from the CLO issuer shall be at the prices at which the new CLO committed to acquire such asset, provided that the Relying Advisers only have an obligation to purchase such assets up to the CLO closing date.

Risks of Investing in CLO Warehouses - There can be no assurance that a CLO's Warehouse Facility investments will be consummated. In the event a planned CLO is not consummated, the Warehouse Facility investors may be responsible for either holding or disposing of the warehoused assets. Because leverage is typically utilized in warehouses, the potential risk of loss will be increased for the Warehouse Facility investors. This could expose the Warehouse Facility investors to losses, including in some cases a complete loss of all capital invested in the Warehouse Facility investment. In the event the CLO related to such Warehouse Facility is not

consummated, such Warehouse Facility investors will bear the risk of loss on the underlying assets of the Warehouse Facility. Warehouse Facility investments are generally illiquid.

EU/UK Risk Retention Restrictions - For CLOs that are intended to be compliant with the European Risk Retention Requirements, the Funds may be unable to liquidate, sell, transfer, surrender, hedge or otherwise mitigate their credit risk under, or associated with, Investments they hold for the purposes of the EU/UK Risk Retention Requirements until such time as the securities of the relevant Invesco Managed CLO have been redeemed in full (whether at final maturity or early redemption).

Refinancing Risk - A significant portion of the Collateral will consist of loans for which most or all of the principal is due at maturity. The ability of such obligor to make such a large payment upon maturity typically depends upon its ability either to refinance the Collateral prior to maturity or to generate sufficient cash flow to repay the Collateral at maturity. The ability of an 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 obligor, the marketability of the collateral (if any) securing such Collateral, the operating history of the related business, tax laws and the prevailing general economic conditions. Consequently, such obligor may not have the ability to repay the Collateral 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 issuer.

International Investing Risk - Investing outside the United States may involve greater risks than investing in the United States. These risks include: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; and (iii) the difficulty of enforcing legal rights in a foreign jurisdiction and uncertainties as to the status, interpretation and application of laws.

Regulatory Risks - Future and ongoing legal and regulatory changes in the United States and around the globe could have a material adverse effect on the Funds. It is impossible to predict the full effect of such changes, which could, among other things, divert the Advisers' time, attention and resources from portfolio management activities and increase operating expenses.

Litigation Risk - The Advisers and their affiliates engage in a broad variety of investment and advisory related activities on a global basis. These activities may subject the Advisers and their personnel to risks of becoming involved in litigation by third parties or proceedings or investigations brought by regulatory authorities. It is difficult to determine what impact, if any, such litigation may have on the Funds. As a result, there can be no assurance that the foregoing will not have an adverse impact on the Funds.

Cybersecurity Risk - The Advisers, the Clients' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Clients and their investors, despite the efforts of the Advisers and the Clients' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Client and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Advisers, the Clients' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Advisers' systems to disclose sensitive information in order to gain access to the Advisers' data or that of the Clients' investors. A successful penetration or circumvention of the security of the Advisers' systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Clients, the Advisers or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. In addition, the Advisers may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, adverse investor reaction or litigation. Similar types of operational and technology risks are also present for the companies in which the Clients invest, which could have material adverse consequences for such companies, and may cause the Clients' investments to lose value.

Possession of Material Non-Public Information; Other Investment Restrictions - To the extent the Advisers or their affiliates become privy to material non-public information ("MNPI"), they may be restricted in their ability to make an investment in or withdraw on behalf of a Fund or other Client account from a particular portfolio fund or holding. Additionally, even though the Advisers may not be privy to any MNPI, other restrictions could be derived from contractual obligations and/or confidentiality obligations, applicable law and/or internal policies and procedures.

Global Market and Economic Risks - Client investment strategies may be materially affected by global market, economic and political conditions particularly in the jurisdictions and sectors in which the Advisers invest. Interest rates, credit availability, currency exchange rates, illiquidity and volatility in the global financial markets could have material adverse effects on the Advisers' investments.

Natural Disaster/Epidemic Risk - Natural or environmental disasters, such as earthquakes, fires, floods, hurricanes, tsunamis and other severe weather-related

phenomena generally, and widespread disease, including pandemics and epidemics, have been and can be highly disruptive to economies and markets, adversely impacting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of the strategy's investments. Given the increasing interdependence among global economies and markets, conditions in one country, market, or region are increasingly likely to adversely affect markets, issuers, and/or foreign exchange rates in other countries, including the U.S. These disruptions could prevent the Advisers from executing advantageous investment decisions in a timely manner and negatively impact their ability to achieve their client investment objectives. Any such event(s) could have a significant adverse impact on the value and risk profile of client accounts.

Coronavirus and Public Health Emergencies - There continues to be ongoing outbreaks of the highly contagious coronavirus referred to as covid-19 ("COVID-19"). The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. Measures taken by national and regional governments, states, districts and municipalities, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant impact on the Advisers and their client accounts. The extent of the impact of COVID-19 or any other public health emergency on the operational and financial performance of the Advisers' client accounts will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of the investments held in any client accounts as well as the ability of the Advisers to source, manage and divest investments and achieve the investment objectives of its clients, all of which could result in significant losses to such clients. In addition, the operations of the Advisers and/or their affiliates may be significantly impacted, or even halted, either temporarily or on a long-term basis, as a result of government quarantine and curfew measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including potential adverse impact on the health of any such entities' personnel. The full effects, duration and costs of COVID-19 are impossible to predict, and the circumstances surrounding the COVID-19 will continue to evolve.



Business Continuity and Operational Risk - The Advisers and their Clients and their respective service providers may experience disruptions or operating errors, such as processing errors or human errors, inadequate or failed internal or external processes, systems or technology failures, or other disruptive events, that could negatively impact and cause disruptions in normal business operations of the Advisers and their Clients or their respective service providers. The Advisers have developed a Business Continuity Program (the “Program”) designed to minimize the disruption of normal business operations in the event of an adverse incident affecting the Funds, the Advisers and/or their affiliates. The Program is also designed to enable the Advisers to reestablish normal business operations in a timely manner during such an adverse incident; however, there are inherent limitations in such programs (including the possibility that contingencies have not been anticipated and procedures do not work as intended) and, under some circumstances (e.g. natural disasters, terrorism, public health crises, power or utility shortages and failures, system failures or malfunctions), the Advisers, their affiliates, and any service providers or vendors used by them could be prevented or hindered from providing services to the Clients for extended periods of time. These circumstances could cause disruptions and negatively impact relevant service providers and their respective business operations, potentially including an inability to process transactions, an inability to calculate Net Asset Value and price investments, and impediments to trading portfolio securities.

Geopolitical Risk - The strategy is subject to the risk that geopolitical events will disrupt securities markets and adversely affect global economies and markets. Due to the increasing interdependence among global economies and markets, conditions in one country, market, or region might adversely impact markets, issuers and/or foreign exchange rates in other countries, including the U.S. War, terrorism, global health crises and pandemics, and other geopolitical events have led, and in the future may lead, to increased market volatility and may have adverse short- or long-term effects on U.S. and world economies and markets generally. Recent military action by Russia in Ukraine could adversely affect global energy and financial markets and therefore could affect the value of an account’s investments, including beyond such account’s direct exposure to Russian issuers or nearby geographic regions. The extent and duration of the military action, sanctions and resulting market disruptions are impossible to predict and could be substantial.

Investing in European Union Risk - Investments in certain countries in the European Union are susceptible to high economic risks associated with high levels of debt, such as investments in sovereign debt of Greece, Italy, and Spain. Efforts of the member states to further unify their economic and monetary policies may increase the potential for the downward movement of one-member state’s market to cause a similar effect on other member states’ markets.

London Interbank Offered Rate (LIBOR) Risk - The U.K. Financial Conduct Authority has announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021, and it remains unclear whether LIBOR will continue to exist after that date and, if so, in what form. Actions by regulators have resulted in the establishment of alternative reference rates to LIBOR in many major currencies. The Federal Reserve Board, based on the recommendations of the New York Federal Reserve's Alternative Reference Rate Committee (comprised of major derivative market participants and their regulators), has begun publishing a Secured Overnight Funding Rate ("SOFR") that is intended to replace U.S. dollar LIBOR. Proposals for alternative reference rates for other currencies have also been announced or have already begun publication. On November 30, 2020, the administrator of LIBOR announced a delay in the phase out of a majority of the U.S. dollar LIBOR publications until June 30, 2023, with the remainder of LIBOR publications to still end at the end of 2021. Discontinuance of LIBOR and adoption/implementation of alternative rates pose a number of risks, including among others: whether any substitute rate will experience the market participation and liquidity necessary to provide a workable substitute for LIBOR, the effect on parties' existing contractual arrangements, hedging transactions, and investment strategies generally from a conversion from LIBOR to alternative rates, the effect on a Clients' existing investments (including, for example, fixed-income investments, senior loans, CLOs and Collateralized Debt Obligations, and derivatives transactions), including the possibility that some of those investments may terminate or their terms may be adjusted to the disadvantage of the Client, and the risk of general market disruption during the period of the conversion. It is difficult to predict at this time the likely impact of the transition away from LIBOR on a Client.

ESG Risk - Because ESG compliant funds evaluate ESG factors to assess and exclude certain investments for non-financial reasons, they may forego some market opportunities available to funds that do not use these factors. The securities of companies that score favorably under the funds' ESG scoring methodology may underperform similar companies that do not score as well or may underperform the stock market as a whole. As a result, those funds may underperform funds that do not screen or score companies based on ESG factors or funds that use a different ESG methodology. Information used by those funds to evaluate such factors may not be readily available, complete or accurate, which could negatively impact those funds' ability to apply its methodology, which in turn could negatively impact those funds' performance. In addition, those funds' assessment of a company, based on the company's level of involvement in a particular industry or the company's ESG score, may differ from that of other funds or an investor. As a result, the companies deemed eligible for inclusion in those funds' portfolio may not reflect the beliefs or values of any particular investor and may not be deemed to exhibit positive or favorable ESG characteristics if different metrics were used to evaluate them.

Custody and Banking Risks - Client funds may be maintained with one or more banks or other depository institutions ("banking institutions"), which may include US and

non-US banking institutions, and may enter into credit facilities or have other financial relationships with banking institutions. The distress, impairment or failure of one or more banking institutions, whether or not holding client funds, may inhibit the ability of clients or others to access depository accounts or lines of credit at all or in a timely manner. In such or similar cases, investments may be delayed or forgone, or capital may be called when it is not desirable to do so, which could result in lower performance. In the event of such a failure of a banking institution, access to such accounts could be restricted and U.S. Federal Deposit Insurance Corporation (FDIC) protection may not be available for balances in excess of amounts insured by the FDIC (and similar considerations may apply to banking institutions in other jurisdictions not subject to FDIC protection). In such instances, clients may not recover such excess, uninsured amounts and instead, would only have an unsecured claim against the banking institution and participate pro rata with other unsecured creditors in the residual value of the banking institution's assets. The loss of amounts maintained with a banking institution or the inability to access such amounts for a period of time, even if ultimately recovered, could be materially adverse to client accounts or investments. One or more investors or a Fund's General Partner could also be similarly affected and unable to fund capital calls, further delaying or deferring new investments. In addition, a Fund's General Partner or similar party may not be able to identify all potential solvency or stress concerns with respect to a banking institution or to transfer assets from one bank to another in a timely manner in the event a banking institution comes under stress or fails.

## **Item 9 - Disciplinary Information**

---

On May 31, 2021, Invesco Ltd., the ultimate parent company of ILM, agreed to a settlement with the Federal Financial Supervisory Authority ("BaFin") in the amount of 260,000 Euros (approximately \$309,595 USD) for a matter related to ownership filings with the German regulator in relation to German listed companies. BaFin alleged Invesco Ltd. and AIM international mutual funds failed to submit voting rights notifications to BaFin and issuers by the required deadline. BaFin issued a Notice of Hearing on July 30, 2020 to Invesco Ltd. alleging that violations of the voting rights requirements occurred on 26 occasions related to the voting rights notifications of Invesco Ltd. and on 28 occasions relating to the voting rights notifications of AIM international mutual funds between 05/2019 and 10/2019. Invesco Ltd. paid the administrative fine on June 30, 2021.

## Item 10 - Other Financial Industry Activities and Affiliations

---

Each Adviser is required to disclose any material relationship or arrangement that it or any management person thereof has with any related financial industry participant, any material conflicts of interest that such relationships may create and how the Adviser addresses these conflicts.

---

### Relying Advisers

The Funds and Harbourview are Relying Advisers of ILM. ISSM is the sole member of the general partners of the Funds and oversees the operations of the Funds. The general partners of the Funds have delegated their authority to make all investment decisions for the Funds to ILM or an affiliate thereof, which are also responsible for the implementation of the Funds' investment strategy. ILM and the Relying Advisers collectively have overall responsibility for the Funds' management, including deciding matters of general policy.

---

### Arrangements with Affiliates

**Shared Personnel.** ILM and the Relying Advisers have entered into agreements with ISSM that allow them to utilize the platform of ISSM and its affiliates for various services and have access to resources, including (either through direct employment or secondment arrangements) the professionals employed by ISSM (including in connection with the due diligence of actual or potential investments, the execution of investment transactions, and certain loan services and administrative services, including back-office and middle-office services).

In consideration for the services provided under the agreements with ISSM, the Relying Advisers intend to pay a portion of the management fees they receive in an amount equal to actual cost plus a percentage as agreed to from time to time. In addition, ISSM may charge the Relying Advisers for expenses incurred under the agreements to the extent ISSM is able to seek reimbursement of such expenses pursuant to a Client's Organizational Documents.

**Invesco Ltd.** ISSM and the Advisers are affiliated with many other entities within the Invesco structure, including broker-dealers and registered/unregistered US and non-US investment advisers. The Advisers, their related persons and other entities within the Invesco business serve as sponsors or general partners of Clients.

**Affiliated Broker-Dealer and Affiliated RIA.** When the Funds are marketed, they are distributed by Invesco Distributors, Inc. ("IDI"), a FINRA-registered affiliated broker-dealer, or other third-party placement agents. Additionally, Invesco Advisers, Inc., an

affiliate SEC-registered investment adviser, provides certain marketing and administrative services to ISSM. Certain IDI and ISSM employees that are involved in the Firm's marketing activities are registered representatives of IDI.

**Additional Affiliated Resources.** ISSM, and indirectly the Advisers, have a material relationship with Invesco Asset Management Ltd. ("IAML"). While the Advisers maintain autonomous investment processes, they leverage the resources and services of IAML for certain trading, research and advisory recommendations, subject to the oversight by ISSM's Investment Committees. In addition, certain employees or officers of IAML are members of ISSM's Investment Committees with respect to European credits. IAML is authorized and regulated by the Financial Conduct Authority in the United Kingdom and is registered with the SEC as a registered investment adviser.

Clients of ISSM and the Advisers invest in substantially similar assets classes and may, in some instances, invest in the same instruments. In addition to asset-based investment management fees, the Advisers may receive performance-based fees from Clients which may be managed side-by-side with ISSM Clients not paying such fees, implementing the same investment strategy. In order to mitigate potential conflicts of interest, the Advisers and ISSM follow the procedures described in Item 16 below for allocation of investments that are suitable for both ISSM and the Advisers' Clients.

All management fees, except for fees paid to certain minority equity investors pursuant to side letter agreements, received by the Funds are paid to ISSM and the Advisers pursuant to the terms set forth in services agreements with ISSM and investment management agreement between the entities.

The Advisers are subject to the Code (defined and described in Item 11 below) and their personnel are Access Persons of ISSM. The Advisers and their personnel are subject to ISSM's regulatory oversight and its compliance policies and procedures, including those addressing books and records maintenance.

ISSM and the Advisers are subject to a restricted list to which all of their respective Clients are subject. As a consequence, ISSM and the Advisers may not be able to buy or sell a particular security or other instrument on behalf of their Clients because one or more personnel or teams of personnel of the Advisers possess material, non-public information concerning the issuer or the market for the issuer's securities or other instruments, and vice versa. Similarly, in such circumstances, ISSM or the Advisers may not be able to dispose of a security or other instrument owned by a Client, even in a declining market, until the information becomes publicly available or immaterial and the trading in the issuer's securities or instruments is no longer restricted.

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

---

The Advisers have a fiduciary relationship with their investment advisory Clients which requires that the Advisers and their personnel place the interests of Clients first and foremost. The Advisers and ISSM follow the Code of Ethics and Personal Trading Policy for North America (the "Code"), the Invesco Global Code of Conduct and insider trading policies and procedures. The Advisers and their personnel are considered Access Persons under the Code.

The Code is administered by the Compliance Department. The Compliance Department is responsible for interpreting the provisions of the Code, for adopting and implementing rules and procedures, for enforcing the provisions of the Code and for determining whether violations of the Code or of any such rules or procedures have occurred.

While ISSM employees that are involved with the management of the Advisers are permitted to engage in personal securities transactions, the Advisers recognize that these transactions may raise potential conflicts of interest. As such, all personal securities transactions are required to be conducted in such a manner as to be consistent with the Code and to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility.

The Advisers and their affiliates may recommend that Clients buy or sell interests in the same investment products in which the Advisers or their related persons have some financial interest, including ownership. The Advisers and/or their related persons may own, buy or sell for themselves the same securities that they may have recommended to Clients. The Firm's policies and procedures are intended to identify these and other potential conflicts and to ensure that in all instances client interests come first.

Pursuant to the Code, the Advisers' personnel are required to report to the Compliance Department the names of all personal brokerage accounts that hold Covered Securities (as defined in the Code) in which they have a direct or indirect beneficial ownership interest. Compliance uses an automated system to manage the pre-clearance of transactions in Covered Securities and the daily monitoring of compliance with the Code.

The Advisers are subject to an insider trading policy to establish information walls between the Advisers, who regularly receive non-public information as a result of their investment activities, and all other investment advisory affiliates in the Invesco organization, to control the flow of MNPI, prevent the misuse of insider information,

and prevent the coordination of investment decisions among the investment advisory affiliates. The Advisers believe this separation of information is in the best interests of Clients as it permits the Advisers to pursue the investment objectives of their Clients without reference to limitations resulting from investment activities of advisory affiliates. In the event such information is shared, controls are in place around the information in order to limit any potential conflicts of interest.

In addition, the Advisers have adopted monitoring procedures that have been developed and designed to reasonably ensure compliance with federal securities laws. These procedures include the establishment of a restricted list where securities placed on the Restricted List limit the Advisers' and their employees' trading activity due to the receipt of MNPI. To the extent ISSM and the Advisers or their affiliates become privy to MNPI, ISSM and the Advisers may be restricted in their ability to make an investment in or withdraw on behalf of a Client account from a particular portfolio holding. Additionally, even though they may not be privy to any MNPI, other restrictions could be derived from contractual obligations and/or confidentiality obligations, applicable law and/or internal policies and procedures.

The Advisers and ISSM, together with Invesco Private Capital, Inc. ("IPC") and WL Ross & Co. LLC ("WLR"), are situated on the "private side" of Invesco's information barrier and they share a single restricted list. Therefore, the receipt of MNPI by IPC or WLR will also restrict ISSM and the Advisers, and vice-versa, and may adversely impact each adviser's investments.

There will be occasions when the Advisers may encounter other conflicts or potential conflicts of interest between or among Clients. Although the Advisers have adopted policies and procedures designed to mitigate any conflict or potential conflicts of interest, there can be no assurance that the Advisers will resolve any conflict in a manner that is favorable to all Clients or to any particular Client.

*The Code is available for review by Clients and prospective Clients upon request.*

---

## **Participation or Interest in Client Transactions**

***Investment of the Advisers' Capital.*** The Advisers or their related persons may invest their own capital in securities or investment products in which Clients and underlying investors in Clients may also have made investments, such as CLOs, bank loans, credit default swaps, as well as liquid securities including, but not limited to, US Treasury securities and corporate debt obligations, equity, fixed income and/or derivative or other similar investments.

***Employee Co-Investment Program.*** The Advisers' employees, officers or directors may be offered the opportunity to participate in a co-investment program with the Advisers or an affiliate because of their employment with the Advisers or an affiliate.

Such opportunities include investments in both public and non-public securities as well as future products created and packaged by the Advisers or an affiliate.

***Recommendation of Affiliated Funds.*** The Advisers do not generally, but may, recommend to a Client account the investment into a portfolio fund, which may be an affiliated entity where the Advisers or their affiliates serve as the general partner. In these situations, the Advisers will offset or reduce their fees in proportion to the fees charged by the affiliated entity. In this situation the client will not be charged any additional fees for such investment.

***New Fund Seed Capital.*** From time to time, affiliates of the Advisers will provide seed capital to help fund a new Fund. In doing so, the Advisers may purchase securities equivalent to the amount of capital deposited for such purposes in an account in the name of the affiliate that is later transferred into the Fund in exchange for a percent ownership in the Fund.

***Outside Business Activities.*** The Advisers' employees may engage in outside business activities unrelated to their role at the Advisers, including serving as directors, officers, or employees of unaffiliated public, private or government entities, whether for profit or non-profit, which can give rise to certain conflicts of interests. Invesco policies require outside business activities to be pre-cleared and Compliance reviews certain employee certifications to identify such conflicts of interest. Additionally, the Advisers have adopted policies for the handling of confidential information to prevent the misuse of such information and to avoid situations that may create an appearance of misuse with applicable laws and regulations.

***Board Membership.*** Personnel of the Advisers or their affiliates may serve on the boards of directors or on creditor committees of companies whose instruments are held by certain Clients. Serving in this capacity may give rise to conflicts to the extent that such personnel's fiduciary duties to a company as a director may conflict with the interests of a Client. The Advisers evaluate any potential conflicts of interest that may arise in connection with such board service on an ongoing basis and in consultation with Compliance as appropriate.

***Services Provided by Affiliates.*** The Advisers typically have discretionary authority to contract with any of the Advisers' related persons to perform any services deemed necessary or appropriate in connection with the investment management services provided to their Clients. The Advisers may recommend the purchase or sale of a security in which the Advisers and their related persons, including their affiliates, also have a position or interest in the same security or various classes of the same security. The investors in these issuers could have different rights that may be in conflict with decisions made by the Advisers, related persons and affiliates in the event of a default or in a workout situation. These situations could potentially



raise or give the appearance of an unavoidable and irreconcilable division of interests and responsibilities with respect to multiple parties. The Advisers maintain well-defined fund investment strategies as well as a clear delineation of their investment-decision process and strive to make decisions in a manner that considers the relative interest of each party.

ISSM and, in turn, the Advisers, through their relationship with Invesco, may also use the analytical capabilities of analysts throughout the Invesco organization but the cost of these services is not passed through to Clients and any potential conflicts of interest or breaches of proprietary information are monitored.

The Advisers and certain entities within Invesco, on behalf of their respective advisory clients, may make investments in different parts of the capital structure of the same company, in which case certain conflicts of interest, or the appearance of conflicts of interest, may arise. Such conflicts (or appearances thereof) are mitigated by the governance structures of the Advisers and Invesco and policies by which each engage in independent decision-making and information barriers.

Certain entities within Invesco, may be general partners or managers of investment-related entities, but the Advisers' Clients are not currently solicited to invest in those entities.

The Advisers and their related persons, including their affiliates, may recommend investments to Clients at or about the same time that they buy or sell the same securities for other Clients. Accordingly, the Advisers may seek to affect Client performance through their allocation decisions and certain Clients may not participate in gains or losses that were made by other Clients with similar objectives. Likewise, the fact that certain Client accounts generate a performance fee or have different management fee structures could create a financial incentive for the Advisers to favor certain accounts over others. The Advisers have investment allocation policies and procedures designed to provide fair and equitable treatment to its clients and to mitigate these conflicts.

Please see the relevant Organizational Documents for your investment for a more detailed discussion of conflicts of interest.

## **Item 12 - Brokerage Practices**

---

The Advisers have the authority and responsibility to select brokers to execute Client account transactions. The Advisers select brokers based on their ability to provide best execution. The Advisers generally conduct trading with those broker-dealers that have been vetted through and approved by Invesco. In selecting brokers or dealers, The Advisers consider various factors, including, without limitation: the

reputation, experience and financial stability of the broker-dealer; the ability to maintain The Advisers' anonymity; the ability to provide competitive pricing; the size and timing of the transaction; the ability and willingness to commit capital and provide prompt and accurate execution and settlement; whether the broker-dealer makes a market in a security and/or finds sources of liquidity; the nature of the market for the security and the difficulty of execution; the broker-dealer's trading expertise, including its ability to minimize total trading costs and to trade without unduly impacting the market; the belief that the broker-dealer charges a fair and reasonable fee for each trade, and that the Clients have been treated fairly and honestly in prior trades; and the quality of execution, quality of the broker-dealer relationship, quality of service rendered by the broker-dealer in prior transactions, and quality of any investment ideas. With respect to CLOs, discretionary authority to purchase or sell loan investments in Client accounts may be limited by the terms of the applicable indentures and other governing agreements which may impose quality, liquidity, concentration, diversification and other requirements.

The Advisers currently do not have any soft dollar or directed brokerage arrangements. The Advisers does not select or recommend broker-dealers based upon Client or investor referrals received from any broker.

## **Item 13 - Review of Accounts**

---

### **Periodic Reviews**

The Advisers' portfolio managers perform periodic reviews of portfolio composition for compliance with investment guidelines and to manage cash positions. All cash positions are managed against individual account strategies, which are updated quarterly.

In the event of an error in a Client account, the Advisers attempt to identify, research, and correct the error as soon as practicable. The Client is made whole for any losses resulting from an error by the Advisers, while any gains realized would remain in the Client account.

---

### **Reports**

Clients receive written reports monthly, quarterly or annually as required by each Client's governing documents. Reporting frequency and content may be tailored to Clients' particular needs.

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

---

### **Solicitors**

The Advisers normally do not pay fees to persons for Client referrals; however, in the event such fees are paid, the Advisers would adhere to the relevant rules and regulations under the Advisers Act.

For certain clients, the Advisers pay a portion of their management fees received from a Client to placement agents in connection with the sale of units or interests in a Fund client.

## **Item 15 - Custody**

---

The Advisers do not act as custodians for Client funds or securities. In certain cases, ILM and the Relying Advisers may be deemed to directly or indirectly have “custody” within the meaning of Rule 206(4)-2 under the Advisers Act due to their or their affiliates’ role as a general partner or managing member to an investment vehicle (or other similar structures). In those case, Clients’ assets are held by Qualified Custodians such as banks and/or broker-dealers. Audited financial statements are distributed to the Clients’ investors within 120 days from the end of the respective Clients’ fiscal year. In the event an investor has not received its audited financial statements timely, please contact the Firm at the applicable phone number or at the address appearing on the cover page of this brochure.

## **Item 16 - Investment Discretion**

---

### **Discretionary Authority for Trading**

The applicable indentures for each of the CLOs place restrictions on the Relying Advisers’ ability to buy and sell loans on behalf of the CLO. Subject to the terms of these indentures, the Relying Advisers have discretionary authority over such Client accounts. CLO indentures generally restrict the Relying Advisers from selling loans unless such loans have experienced specified credit deterioration, ratings downgrades, events of default, or are credit improved assets. The Relying Advisers are also permitted by the terms of each CLO indenture to trade a portion of the assets of the CLO on a discretionary basis.

### **Aggregation of Orders**

The Advisers may in their sole discretion aggregate orders for Client accounts. Depending upon certain market conditions, the aggregation of certain orders may

result in a higher or lower price paid or received by a particular Client. Aggregated orders are allocated among Clients in a manner which the Advisers believe is fair and equitable, in order to construct a well-diversified, fully-invested portfolio. Due to the nature of the market for CLO securities as well as specific Client guidelines, pro rata allocation of trade opportunities is not always practicable. Therefore, allocations are largely driven by Client investment guidelines as well as by the Advisers' strategies. The Advisers' strategies are based on a variety of factors, including their overall view of the credit and the Client's portfolio, the nature and size of existing holdings and cash positions as well as performance.

---

## **Investment Allocations**

In discharging their fiduciary duty to reasonably ensure that all Client accounts are treated fairly and equitably so that no one Client account is favored, the Advisers have adopted allocation procedures to guide both new and existing investment opportunities across their Client base.

The same investment decision may be made for more than one Client account managed by the Advisers. In those circumstances when multiple purchase and sell orders of the same class of security are received at the same time for different accounts, the orders for such transactions may be combined in order to seek best execution. Orders partially filled will, as a general matter, be allocated pro rata in proportion to each account's original order or account size, although exceptions may be made to avoid odd lots and de minimis allocations.

The Advisers will permit, in certain circumstances and in a manner that is fair and equitable to all clients, a non-pro rata allocation where ISSM's Distressed Debt Strategy team source an investment opportunity and elect to make such investment opportunity available to the Advisers' non-Distressed Debt clients, subject to the procedures outlined in their allocation policies and procedures. Further secondary acquisitions of Middle Market loans will be subject to the same non-pro rata allocations when making such opportunities available to clients not managed by the Direct Lending Strategy team.

The allocation of investments across Clients accounts is largely driven by thresholds established by ISSM's Investment Committee ("Committee") acting on behalf of the Advisers. The Committee reviews analysts' recommendations for the potential purchase of new issues. It must also decide the suitability of each investment opportunity and on a global exposure limit for: (i) aggregate exposure across all portfolios; (ii) types of portfolios (e.g., leveraged, non-leveraged, etc.); and (iii) individual portfolios that may supersede broader fund type strategies. Execution prices for a combined order will generally be averaged so that each participating account receives the average price paid or received.

There is no certainty that allocation processes will in fact result in fair allocations, or that the investments will be allocated to all Clients equally. However, the Advisers intend to allocate on a fair and equitable basis so that no one Client account is systematically advantaged.

---

### **Cross and Principal Transactions**

Cross trades among Client accounts and principal transactions between an adviser and a Client are subject to procedural restrictions and prohibition by various laws and regulations. Cross transactions are defined as the purchase or sale of a security directly between Clients of the Advisers or an affiliate, coordinated by the Advisers or an affiliate. Principal transactions are defined as transactions where a proprietary account of the Advisers or an affiliate thereof purchases loans from a Client or sells loans to a Client. Such principal trades and cross transactions could create various conflicts of interest for the Advisers, in that they might have an incentive to favor one Client account over another or to favor an account in which they or their related persons have a financial interest over the Client account.

The Advisers have various policies and procedures setting forth the terms under which they may engage in principal trades and cross transactions. These policies are designed to ensure that all cross and principal transactions are effected in the best interests of all Clients involved, are consistent with the Advisers' duty to obtain best execution and are in compliance with applicable laws and regulations. To the extent there is a transaction among the Clients that would be deemed a principal transaction, the Advisers will follow their policies and procedures regarding principal transactions, including requesting the requisite consent from Clients or investors, as applicable.

---

### **Item 17 - Voting Client Securities**

The Advisers do not generally vote proxies on behalf of their Clients' accounts, as proxy voting is not applicable to the bank loan asset class. However, we may occasionally participate in a loan workout or creditor committee. In that context, the Advisers will represent their Clients' long-term best economic interests without regard for their own interests.

In the event the Advisers are ever required to vote a proxy on behalf of a Client account due to a spin-off of securities received from a re-organization or a bankruptcy, the Advisers have adopted a proxy voting policy specifying that they will vote all proxies in accordance with their policy of seeking their Clients' best long-term economic interests. A copy of the proxy voting policy and information as to how the Advisers effected any proxy votes is available upon request.

## **Item 18 - Financial Information**

---

Registered investment advisers are required to provide certain financial information or disclosures about their financial condition. The Advisers do not have any financial impairment that will preclude either of them from meeting contractual commitments to Clients.

A balance sheet is not required to be provided because the Advisers do not serve as a custodian for client funds or securities, and do not require prepayment of fees of more than \$1,200 per client, or six months or more in advance.

## **Item 19 - Requirements for State-Registered Advisers**

---

Item 19 is not applicable as the Advisers are not state-registered. The Advisers are federally registered with the SEC.