Special Risk Considerations

Investment in the Trust involves special risk considerations, which are summarized below. The Trust is designed as a long-term investment and not as a trading vehicle. The Trust is not intended to be a complete investment program. The Trust's performance and the value of its investments will vary in response to changes in interest rates, inflation and other market factors.

No Prior History. The Trust is a newly-organized, non-diversified, closed-end management investment company with no history of operations. As a result, prospective investors have no track record or operational history upon which to base their investment decision.

Liquidity Risk. The Trust is designed for long-term investors and not as a trading vehicle. Prior to the occurrence of a Listing Event, an investment in Common Shares, unlike an investment in a listed closed-end fund, should be considered illiquid. Common Shares are appropriate only for investors who are seeking an investment in less liquid portfolio investments within an illiquid fund. An investment in Common Shares is not suitable for investors who need access to the money they invest. Unlike open-end funds (commonly known as mutual funds), which generally permit redemptions on a daily basis, Common Shares will not be redeemable at an investor's option.

Investment and Market Risk. An investment in Common Shares is subject to investment risk, including the possible loss of the entire principal amount that you invest. Your investment in Common Shares represents an indirect investment in the securities owned by the Trust. Your Common Shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of distributions. A prospective investor should invest in Common Shares only if the investor can sustain a complete loss in its investment.

Non-Diversification Risk. The Trust classified as "non-diversified" under the 1940 Act. As a result, the Trust can invest a greater portion of our assets in obligations of a single issuer than a "diversified" fund. The Trust may therefore be more susceptible than a diversified fund to being adversely affected by any single corporate, economic, political or regulatory occurrence. In particular, because the Trust's portfolio of investments may lack diversification among CLO securities and related investments, the Trust is susceptible to a risk of significant loss if one or more of these CLO securities and related investments experience a high level of defaults on the collateral that they hold.

CLO Risk. CLOs often involve risks that are different from or more acute than risks associated with other types of credit instruments, including: (1) the possibility that distributions from collateral assets will not be adequate to make interest or other payments; (2) the quality of the collateral may decline in value or default; (3) investments in CLO junior debt and subordinated (i.e., residual or equity) securities will likely be subordinate in right of payment to other senior classes of CLO debt; and (4) the complex structure of a particular security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

Generally, there may be less information available to the Trust regarding the underlying investments held by CLOs than if the Trust had invested directly in credit securities of the underlying issuers. Trust shareholders will not know the details of the underlying investments of the CLOs in which the Trust invests. Due to their often complicated structures, various CLOs may be difficult to value and may constitute illiquid investments. In addition, there can be no assurance that a liquid market will exist in any CLO when the Trust seeks to sell its interest therein. Moreover, the value of CLOs may decrease if the ratings agencies reviewing such securities revise their ratings criteria and, as a result, lower their original rating of a CLO in which the Trust has invested. Further, the complex structure of the security may produce unexpected investment results. Also, it is possible that the Trust's investment in a CLO will be subject to certain contractual limitations on transfer.

The Trust expects to invest in CLO securities issued by CLOs that principally hold Senior Loans. As a result, as an investor in such CLOs, the Trust is subject to the risk of default on the Senior Loans by the borrowers. Recently, interest rates have been at or near historically low levels. Increases in interest rates may adversely impact the ability of borrowers to meet interest payment obligations on Senior Loans held by a CLO and increase the likelihood of default. Although a CLO's holdings are typically diversified by industry and borrower, an increase in interest rates coupled with a general economic downturn may result in an increase in defaults on Senior Loans across various sectors of the economy. See "—Senior Loan Risk" for a discussion of risks related to Senior Loans.

The market value of CLO securities may be affected by, among other things, changes in the market value of the underlying assets held by the CLOs, changes in the distributions on the underlying assets, defaults and recoveries on the underlying assets, capital gains and losses on the underlying assets, prepayments on underlying assets and the availability, prices and interest rate of underlying assets. Therefore, changes in the market value of the Trust's CLO investments could be greater than the change in the market value of the underlying instruments. Increases in interest rates may adversely impact the ability of borrowers to meet interest payment obligations on underlying instruments held by a CLO, which may adversely impact the value of CLO securities held by the Trust.

The Trust may invest in CLO debt and subordinated (i.e., residual or equity) securities. While the Trust may invest in CLO debt securities having any rating, the Trust currently intends to focus its investments in CLO debt securities that are rated below investment grade. CLO subordinated notes are generally not rated. Below investment grade and unrated instruments are often referred to as "junk" bonds and are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and to repay principal.

Restructuring of Investments Held by CLOs. The manager of a CLO has broad authority to direct and supervise the investment and reinvestment of the investments held by the CLO, which may include the execution of amendments, waivers, modifications and other changes to the investment documentation in accordance with the collateral management agreement. During periods of economic uncertainty and recession, the incidence of amendments, waivers, modifications and restructurings of investments may increase. Such amendments, waivers, modifications and other restructurings will change the terms of the investments and in some cases may result in the CLO holding assets not meeting the CLO's criteria for investments. This could adversely impact the coverage tests under an indenture governing the notes issued by the CLO. If as a result of any such restructurings, the Sub-Adviser determines that continuing to hold instruments issued by such CLO is no longer in the best interest of the Trust, the Sub-Adviser may dispose of such CLO instruments. In certain instances, the Trust may be unable to dispose of such investments at advantageous prices and/or may be required to reinvest the proceeds of such disposition in lower-yielding investments.

CLO Management Risk. The activities of any CLO in which the Trust may invest will generally be directed by a collateral manager. In the Trust's capacity as holder of CLO securities, the Trust is generally not able to make decisions with respect to the management, disposition or other realization of any investment, or other decisions regarding the business and affairs, of that CLO. The Trust will be reliant upon the Sub-Adviser's ability to obtain and evaluate the terms of the CLOs in which the Trust invests, the terms of and creditworthiness of the borrowers with respect to the underlying assets held by those CLOs and information about the collateral managers of the CLOs.

CLO Interest Rate Risk. Although senior secured loans are generally floating rate instruments, the Trust's investments in senior secured loans through CLOs are sensitive to interest rate levels and volatility. Because CLOs generally issue debt on a floating rate basis, an increase in the London-Interbank Offered Rate ("LIBOR") will increase the financing costs of CLOs. Many of the senior secured loans held by these CLOs have LIBOR floors such that, when LIBOR is below the stated LIBOR floor, the stated LIBOR floor (rather than LIBOR itself) is used to determine the interest payable under the loans. Therefore, if LIBOR increases but stays below the average LIBOR floor rate of the senior secured loans held by a CLO, there would not be a corresponding increase in the investment income of such CLOs.

CLO Subordinated Notes Risk. The Trust will invest in CLO subordinated (i.e., residual or equity) notes, which are junior in priority of payment and are subject to certain payment restrictions generally set forth in an indenture governing the notes. In addition, CLO subordinated notes generally do not benefit from any creditors' rights or ability to exercise remedies under the indenture governing the notes. The subordinated notes are not guaranteed by another party. Subordinated notes are subject to greater risk that the senior notes issued by the CLO. CLOs are typically highly levered, utilizing up to approximately ten times leverage, and therefore subordinated notes are subject to a higher risk of total loss. There can be no assurance that distributions on the assets held by the CLO will be sufficient to make any distributions or that the yield on the subordinated notes will meet the Trust's expectations.

CLOs generally may make payments on subordinated notes only to the extent permitted by the payment priority provisions of an indenture governing the notes issued by the CLO. CLO indentures generally provide that principal payments on subordinated notes may not be made on any payment date unless all amounts owing under secured notes are paid in full. In addition, if a CLO does not meet the asset coverage tests or the interest coverage test set forth in the indenture governing the notes issued by the CLO, cash would be diverted from the subordinated notes to first pay the secured notes in amounts sufficient to cause such tests to be satisfied.

The subordinated notes are unsecured and rank behind all of the secured creditors, known or unknown, of the issuer, including the holders of the secured notes it has issued. Relatively small numbers of defaults of instruments underlying CLOs in which the Trust holds subordinated notes may adversely impact the Trust's returns. The leveraged nature of subordinated notes is likely to magnify the adverse impact on the subordinated notes of changes in the market value of the investments held by the issuer, changes in the distributions on those investments, defaults and recoveries on those investments, capital gains and losses on those investments, prepayments on those investments and availability, prices and interest rates of those investments.

CLO subordinated notes do not have a fixed coupon and payments on CLO subordinated notes will be based on the income received from the underlying collateral and the payments made to the secured notes, both of which may be based on floating rates. While the payments on CLO subordinated notes will be variable, CLO subordinated notes may not offer the same level of protection against changes in interest rates as other floating rate instruments. An increase in interest rates would materially increase the financing costs of CLOs. Since underlying instruments held by a CLO may have LIBOR floors, there may not be corresponding increases in investment income to the CLO (if LIBOR increases but stays below the LIBOR floor rate of such instruments) resulting in smaller distribution payments on CLO subordinated notes.

Subordinated notes are illiquid investments and subject to extensive transfer restrictions, and no party is under any obligation to make a market for subordinated notes. At times, there may be no market for subordinated notes, and the Trust may not be able to sell or otherwise transfer subordinated notes at their fair value, or at all, in the event that it determines to sell them.

The market value of CLO securities may be affected by, among other things, changes in the market value of the underlying assets held by the CLOs, changes in the distributions on the underlying assets, defaults and recoveries on the underlying assets, capital gains and losses on the underlying assets, prepayments on underlying assets and the availability, prices and interest rate of underlying assets. Therefore, changes in the market value of the Trust's CLO investments could be greater than the change in the market value of the underlying instruments. Increases in interest rates may adversely impact the ability of borrowers to meet interest payment obligations on underlying instruments held by a CLO, which may adversely impact the value of CLO securities held by the Trust.

The Trust may invest in CLO debt and subordinated (i.e., residual or equity) securities. While the Trust may invest in CLO debt securities having any rating, the Trust currently intends to focus its investments in CLO debt securities that are rated below investment grade. CLO subordinated notes are generally not rated. Below investment grade and unrated instruments are often referred to as "junk" bonds and are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and to repay principal.

Restructuring of Investments Held by CLOs. The manager of a CLO has broad authority to direct and supervise the investment and reinvestment of the investments held by the CLO, which may include the execution of amendments, waivers, modifications and other changes to the investment documentation in accordance with the collateral management agreement. During periods of economic uncertainty and recession, the incidence of amendments, waivers, modifications and restructurings of investments may increase. Such amendments, waivers, modifications and other restructurings will change the terms of the investments and in some cases may result in the CLO holding assets not meeting the CLO's criteria for investments. This could adversely impact the coverage tests under an indenture governing the notes issued by the CLO. If as a result of any such restructurings, the Sub-Adviser determines that continuing to hold instruments issued by such CLO is no longer in the best interest of the Trust, the Sub-Adviser may dispose of such CLO instruments. In certain instances, the Trust may be unable to dispose of such investments at advantageous prices and/or may be required to reinvest the proceeds of such disposition in lower-yielding investments.

CLO Management Risk. The activities of any CLO in which the Trust may invest will generally be directed by a collateral manager. In the Trust's capacity as holder of CLO securities, the Trust is generally not able to make decisions with respect to the management, disposition or other realization of any investment, or other decisions regarding the business and affairs, of that CLO. The Trust will be reliant upon the Sub-Adviser's ability to obtain and evaluate the terms of the CLOs in which the Trust invests, the terms of and creditworthiness of the borrowers with respect to the underlying assets held by those CLOs and information about the collateral managers of the CLOs.

CLO Interest Rate Risk. Although senior secured loans are generally floating rate instruments, the Trust's investments in senior secured loans through CLOs are sensitive to interest rate levels and volatility. Because CLOs generally issue debt on a floating rate basis, an increase in the London-Interbank Offered

Rate (“LIBOR”) will increase the financing costs of CLOs. Many of the senior secured loans held by these CLOs have LIBOR floors such that, when LIBOR is below the stated LIBOR floor, the stated LIBOR floor (rather than LIBOR itself) is used to determine the interest payable under the loans. Therefore, if LIBOR increases but stays below the average LIBOR floor rate of the senior secured loans held by a CLO, there would not be a corresponding increase in the investment income of such CLOs.

CLO Subordinated Notes Risk. The Trust will invest in CLO subordinated (i.e., residual or equity) notes, which are junior in priority of payment and are subject to certain payment restrictions generally set forth in an indenture governing the notes. In addition, CLO subordinated notes generally do not benefit from any creditors’ rights or ability to exercise remedies under the indenture governing the notes. The subordinated notes are not guaranteed by another party. Subordinated notes are subject to greater risk that the senior notes issued by the CLO. CLOs are typically highly levered, utilizing up to approximately ten times leverage, and therefore subordinated notes are subject to a higher risk of total loss. There can be no assurance that distributions on the assets held by the CLO will be sufficient to make any distributions or that the yield on the subordinated notes will meet the Trust’s expectations.

CLOs generally may make payments on subordinated notes only to the extent permitted by the payment priority provisions of an indenture governing the notes issued by the CLO. CLO indentures generally provide that principal payments on subordinated notes may not be made on any payment date unless all amounts owing under secured notes are paid in full. In addition, if a CLO does not meet the asset coverage tests or the interest coverage test set forth in the indenture governing the notes issued by the CLO, cash would be diverted from the subordinated notes to first pay the secured notes in amounts sufficient to cause such tests to be satisfied.

The subordinated notes are unsecured and rank behind all of the secured creditors, known or unknown, of the issuer, including the holders of the secured notes it has issued. Relatively small numbers of defaults of instruments underlying CLOs in which the Trust holds subordinated notes may adversely impact the Trust’s returns. The leveraged nature of subordinated notes is likely to magnify the adverse impact on the subordinated notes of changes in the market value of the investments held by the issuer, changes in the distributions on those investments, defaults and recoveries on those investments, capital gains and losses on those investments, prepayments on those investments and availability, prices and interest rates of those investments.

CLO subordinated notes do not have a fixed coupon and payments on CLO subordinated notes will be based on the income received from the underlying collateral and the payments made to the secured notes, both of which may be based on floating rates. While the payments on CLO subordinated notes will be variable, CLO subordinated notes may not offer the same level of protection against changes in interest rates as other floating rate instruments. An increase in interest rates would materially increase the financing costs of CLOs. Since underlying instruments held by a CLO may have LIBOR floors, there may not be corresponding increases in investment income to the CLO (if LIBOR increases but stays below the LIBOR floor rate of such instruments) resulting in smaller distribution payments on CLO subordinated notes.

Subordinated notes are illiquid investments and subject to extensive transfer restrictions, and no party is under any obligation to make a market for subordinated notes. At times, there may be no market for subordinated notes, and the Trust may not be able to sell or otherwise transfer subordinated notes at their fair value, or at all, in the event that it determines to sell them.

CLO Subordinated Notes Tax Risk. Investments in CLO subordinated notes may have complicated accounting and tax implications.

Below Investment Grade Securities Risk. The Trust intends to invest primarily in below investment grade or unrated instruments, which are commonly referred to as “junk” bonds. Investment in securities of below investment grade quality involves substantial risk of loss. Securities of below investment grade quality are considered predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal when due and therefore involve a greater risk of default or decline in market value due to adverse economic and issuer-specific developments. Issuers of below investment grade securities are not perceived to be as strong financially as those with higher credit ratings. These issuers face ongoing uncertainties and exposure to adverse business, financial or economic conditions and are more vulnerable to financial setbacks and recession than more creditworthy issuers, which may impair their ability to make interest and principal payments. Securities of below investment grade quality display increased price sensitivity to changing interest rates and to a deteriorating economic environment. The market values of certain below investment grade securities tend to reflect individual issuer developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates. The market values for securities of below investment grade quality tend to be more volatile and such securities tend to be less liquid than investment grade debt securities, which could result in the Trust being unable to sell such securities for an extended period of time, if at all. To the extent that a secondary market does exist for certain below investment grade securities, the market for them may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. Because of the substantial risks associated with investments in below investment grade securities, you could have an increased risk of losing money on your investment in Common Shares, both in the short-term and the long-term. To the extent that the Trust invests in below investment grade securities that are unrated, the Trust's ability to achieve its investment objectives will be more dependent on the Sub-Adviser's credit analysis than would be the case when the Trust invests in rated securities.

Structured Credit Instruments Risk. Holders of structured credit instruments bear risks of the underlying investments, index or reference obligation as well as risks associated with the issuer of the instrument, which is often a special purpose vehicle, and may also be subject to counterparty risk.

Senior Loan Risk. Senior Loans are typically made to U.S. and, to a lesser extent, large non-U.S. corporations, partnerships, limited liability companies and other business entities ("Borrowers"), which are U.S. and, to a lesser extent, large non-U.S. corporations, partnerships, limited liability companies and other business entities, which operate in various industries and geographical regions. Senior Loans are generally of below investment grade credit quality and therefore are subject to greater risks than investment grade corporate obligations. Senior Loans rated below investment grade are sometimes referred to as "leveraged loans." The prices of these investments may be volatile and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including, but not limited to, changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, U.S. and non-U.S. economic or political events, developments or trends in any particular industry, and the financial condition of certain Borrowers. Recently, interest rates have been at or near historically low levels. Increases in interest rates may adversely impact the ability of Borrowers to meet interest payment obligations and/or refinance their outstanding Senior Loans on attractive terms, which may adversely impact Borrowers and increase defaults on Senior Loans. The terms and covenants of Senior Loans may vary, and market expectations for such terms and covenants may change over time. More permissive covenants, with respect to the financial condition, operations and use of collateral by Borrowers, may provide Borrowers with additional flexibility, which may reduce the likelihood of default, but may also reduce the extent to which the holders of Senior Loans can recover in the event of a default. In the event of an economic downturn, recoveries upon default of Senior Loans may be less than in past market cycles.

Second Lien Loans Risk. Second lien loans are secured by liens on the collateral securing the loan that are subordinated to the liens of at least one other class of obligations of the related obligor, and thus, the ability of the Trust to exercise remedies after a second lien loan becomes a defaulted loan is subordinated to, and limited by, the rights of the senior creditors holding such other classes of obligations. In many circumstances, the Trust may be prevented from foreclosing on the collateral securing a second lien loan until the related senior loan is paid in full.

Unsecured Loan Risk. Unsecured loans do not benefit from any security interest in the assets of the Borrower. Liens on such Borrowers' assets, if any, will secure the applicable Borrower's obligations under its outstanding secured indebtedness and may secure certain future indebtedness that is permitted to be incurred by the Borrower under its secured loan agreements. The holders of obligations secured by such liens will generally control the liquidation of, and be entitled to receive proceeds from, any realization of such collateral to repay their obligations in full before repayment of unsecured instruments held by the Trust. In addition, the value of such collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of such collateral would be sufficient to satisfy the Trust's unsecured obligations after payment in full of all secured loan obligations of the Borrower. If such proceeds were not sufficient to repay the Borrower's outstanding secured loan obligations, then the Trust's unsecured claims against the Borrower would rank equally with the unpaid portion of such secured creditors' claims against the Borrower's remaining assets, if any. As a result, the prices of unsecured loans may be more volatile than those of Senior Loans, second lien and other secured loans and other investments held by the Trust.

Loan Participation and Assignment Risk. The Trust may purchase Senior Loans, second lien loans and unsecured loans on a direct assignment basis from a participant in the original syndicate of lenders or from subsequent assignees of such interests. The Trust may also purchase participations in Senior Loans, second lien loans and unsecured loans. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, the purchaser's rights can be more restricted than those of the assigning institution, and, in any event, the Trust may not be able to unilaterally enforce all rights and remedies under the loan and with regard to any associated collateral. A participation typically results in a contractual relationship only with the institution participating out the interest, not with the Borrower. In purchasing participations, the Trust generally will have no right to enforce compliance by the Borrower with the terms of the loan agreement against the Borrower, and the Trust may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, the Trust will be exposed to the credit risk of both the Borrower and the institution selling the participation. Further, in purchasing participations in lending syndicates, the Trust may not be able to conduct the same due diligence on the Borrower with respect to a loan hat the Trust would otherwise conduct. In addition, as a holder of the participations, the Trust may not have voting rights or inspection rights that the Trust would otherwise have if it were investing directly in the loan, which may result in the Trust being exposed to greater credit or fraud risk with respect to the Borrower. Investments in bank loans may not be securities as defined within the Securities Act and therefore may not have the protections afforded by the federal securities laws.

Illiquid Investments Risk. The Trust expects to invest in restricted, as well as thinly traded, instruments and securities (including privately placed securities and instruments that are subject to Rule 144A). There may be no trading market for these securities and instruments, and the Trust might only be able to liquidate these positions, if at all, at disadvantageous prices.

Leverage Risk. The Trust currently anticipates utilizing leverage to seek to enhance income. There can be no assurance that the Adviser's and the Sub-Adviser's expectations will be realized or that a leveraging strategy will be successful in any particular time period. Use of leverage creates an opportunity for increased income but, at the same time, creates special risks. Leverage is a speculative technique that exposes the Trust to greater risk and increased costs than if it were not implemented.

The use of leverage by the Trust will cause the net asset value of Common Shares to fluctuate significantly in response to changes in interest rates and other economic indicators. As a result, the net asset value, market price and dividend rate of Common Shares is likely to be more volatile than those of a closed-end management investment company that is not exposed to leverage. The use of leverage may result in a greater decline in the net asset value and market price of Common Shares than if the Trust were not leveraged.

Leverage will increase operating costs, which may reduce total return. The Trust will have to pay dividends on its Preferred Shares or interest on its Indebtedness, which may reduce the Trust's return. This dividend or interest expense may be greater than the Trust's return on the underlying investment, which would negatively affect the performance of the Trust. Increases in dividends that the Trust must pay on its Preferred Shares or interest rates that the Trust must pay on its Indebtedness will increase the cost of leverage and may reduce the return to Common Shareholders. This risk may be greater in the current market environment because interest rates are near historically low levels.

To the extent the Trust issues Preferred Shares, the Trust will pay (and Common Shareholders will bear) any costs and expenses relating to the issuance and ongoing maintenance of such Preferred Shares. Preferred Shares would have a senior claim on the distribution of the Trust's assets over Common Shares. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Trust, the holders of any Preferred Shares will be entitled to receive a preferential liquidating distribution, which is expected to equal the purchase price per Preferred Share plus accrued and unpaid dividends, whether or not declared, before any distribution of assets is made to Common Shareholders. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of Preferred Shares will not be entitled to any further participation in any distribution of assets by the Trust.

The Trust may be subject to asset coverage and portfolio composition requirements under the terms of a credit agreement or an indenture relating to certain types of Indebtedness or the terms of certain types of Preferred Shares. Certain Preferred Shares or Indebtedness issued by the Trust also may be subject to certain restrictions on investments imposed by guidelines of one or more rating agencies, which may issue ratings for such Preferred Shares or Indebtedness. These guidelines may impose asset coverage or portfolio composition requirements that are more stringent than those imposed by the 1940 Act.

During the time in which the Trust is utilizing leverage, the amount of the fees paid to the Adviser, and thereby to the Sub-Adviser, for investment advisory services will be higher than if the Trust did not utilize leverage because the fees paid will be calculated based on the Trust's Managed Assets, including proceeds of leverage (including leverage through Preferred Shares, Indebtedness or reverse repurchase agreements). This may create a conflict of interest between the Adviser and the Sub-Adviser on the one hand and the Common Shareholders.

Other Investment Companies Risk. Investments in other investment companies present certain special considerations and risks not present in making direct investments in securities in which the Trust may invest. Investments in other investment companies involve operating expenses and fees that are in addition to the expenses and fees borne by the Trust. Such expenses and fees attributable to the Trust's investments in other investment companies are borne indirectly by Common Shareholders. Accordingly, investment in such entities involves expense and fee layering.

Exchange-Traded Fund Risk. For ETFs tracking an index of securities, the cumulative percentage increase or decrease in the net asset value of the shares of an ETF may over time diverge significantly from the cumulative percentage increase or decrease in the relevant index due to the compounding effect experienced by an ETF which results from a number of factors, including, leverage (if applicable), daily rebalancing, fees, expenses and interest income, which in turn results in greater non-correlation between the return of an ETF and its corresponding index.

Interest Rate Risk. Interest rate risk is the risk that credit securities will decline in value because of changes in market interest rates. When market interest rates rise, the market value of fixed income credit securities generally will fall. These risks may be greater in the current market environment because interest rates are near historically low levels. Prevailing interest rates may be adversely impacted by market and economic factors. If interest rates rise the markets may experience increased volatility, which may adversely affect the value and/or liquidity of certain of the Trust's investments. The prices of longer-term securities fluctuate more than prices of shorter-term securities as interest rates change. The Trust's use of leverage will tend to increase the interest rate risk to which its Common Shares are subject. The Trust invests primarily in variable and floating rate instruments, which generally are less sensitive to interest rate changes than fixed rate instruments, but generally will not increase in value if interest rates decline.

Prepayment Risk. The assets underlying the CLO securities in which the Trust invests are subject to prepayment by the underlying borrowers. In addition, the CLO securities in which the Trust invests are subject to prepayment risk. If the Trust or a CLO collateral manager is unable to reinvest prepaid amounts in a new investment with an expected rate of return at least equal to that of the investment repaid, the Trust's investment performance may be adversely impacted. The frequency at which prepayments (including voluntary prepayments by the obligors and accelerations due to defaults) occur on bonds and loans will be affected by a variety of factors including the prevailing level of interest rates and spreads as well as economic, demographic, tax, social, legal and other factors. The adverse effects of prepayments may impact the Trust's portfolio in several ways. During periods of declining interest rates, when the issuer of a security exercises its option to prepay principal earlier than scheduled, the Trust may be required to reinvest the proceeds of such prepayment in lower-yielding securities. Particular investments may experience outright losses, as in the case of an interest-only security in an environment of faster actual or anticipated prepayments.

Inflation/Deflation Risk. Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of Common Shares and distributions can decline. Deflation risk is the risk that prices throughout the economy decline over time — the opposite of inflation. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of the Trust's portfolio.

Credit Risk. Credit risk is the risk that an issuer of securities in which the Trust invests or an asset underlying a CLO in which the Trust invests will be unable to pay principal and interest when due, or that the value of the security will suffer because investors believe the issuer is less able to pay.

Non-U.S. Investments Risk. The risk of loss associated with investments in securities of foreign issuers include currency exchange risks, expropriation, or limits on repatriating an investment, government intervention, confiscatory taxation, political, economic or social instability, illiquidity, less efficient markets, price volatility and market manipulation.

Listing Risk. There can be no assurance as to whether, or at what time, the Trust will complete an underwritten offering that will result in a Listing Event. There can be no assurance that a secondary market will develop for Common Shares following a Listing Event. Because shares of listed closed-end funds frequently trade at a discount to net asset value, even if investors are able to sell their Common Shares, they may receive more or less than their purchase price and the then current net asset value per Common Share. This risk may be more pronounced in the period shortly following the Trust's listing. This risk is separate and distinct from the risk that the Trust's net asset value will decline. If the Common Shares are listed, whether an investor will realize gains or losses upon the sale of Common Shares will depend upon whether the market price of Common Shares at the time of sale is above or below the investor's purchase price for Common Shares. Because the market price of Common Shares will be determined by factors such as net asset value, dividend and distribution levels (which are dependent, in part, on expenses), supply of and demand for Common Shares, stability of dividends or distributions, trading volume of Common Shares, general market and economic conditions and other factors beyond the control of the Trust, the Trust cannot predict whether Common Shares will trade at, below or above net asset value. Because investors in this offering will be subject to restrictions on sales of Common Shares following the listing pursuant to the Trust's By-Laws and any "lock up" agreements entered into with the Trust's underwriters, investors will be unable to sell their Common Shares for a period of time even if the market price and/or NAV of the Common Shares declines following the listing.

Underwritten Offering Risk. In an underwritten offering prior to a Listing Event, the offering price per share, less any underwriting commission or discount, will equal or exceed the Trust's net asset value per share determined within forty-eight hours, excluding Sundays and holidays, next preceding the pricing of the offering, unless otherwise approved by a majority of the Trust's Common Shareholders. The voting power of current Common Shareholders will be diluted to the extent that current Common Shareholders do not purchase Common Shares in any future offerings of Common Shares or do not purchase sufficient Common Shares to maintain their percentage interest. If the Trust is unable to invest the proceeds of such offering as intended, the Trust's per Common Share earnings may decrease and the Trust may not participate in market advances to the same extent as if such proceeds were fully invested as planned. The Trust's net asset value will be reduced immediately following such an offering of Common Shares due to the costs of such offering borne by the Trust. Were the expenses of the offering to exceed the amount by which the offering price, less any underwriting commission or discount, exceeded the Trust's then current net asset value per Common Share, shareholders would experience a dilution of the aggregate net asset value per Common Share. This dilution will be experienced by all shareholders, irrespective of whether they purchase Common Shares in any such offering. As a condition of the offering, the underwriters may require certain Common Shareholders to enter into "lock-up" agreements. There can be no assurance as to whether, or at what time, the Trust will complete an underwritten offering, the success of any such offering or the amount of proceeds that the Trust will raise in any such offering.

Tender Offer Risk. If the Trust has not completed a Listing Event within six months after the Initial Closing Date, the Trust intends to conduct quarterly tender offers to provide a limited degree of interim liquidity prior to the occurrence of a Listing Event. The Trust currently anticipates limiting the number of Common Shares purchased in each quarterly tender offer to a maximum of approximately 5% of the Trust's then outstanding Common Shares, though the actual number of Common Shares that the Trust offers to repurchase may be less. The acquisition of Common Shares by the Trust will decrease the total assets of the Trust. Tender offers are, therefore, likely to increase the Trust's expense ratio, may result in untimely sales of portfolio securities by the Trust and/or limit the Trust's ability to participate in new investment opportunities. The Trust may be required to sell its more liquid, higher quality portfolio securities to purchase Common Shares that are tendered, which may increase risks for remaining Common Shareholders and increase Trust expenses. The Trust has no obligation to conduct tender offers for Common Shares at any time, and tender offers will only be made at such times, in such amounts and on such terms as may be determined by the Board of Trustees in its sole discretion.

Alternative Liquidity Event Risk. The Trust's investment objectives and policies are not designed to seek to return to investors that purchase Common Shares in this offering their initial investment upon an Alternative Liquidity Event, and such investors may receive more or less than their original investment upon an Alternative Liquidity Event. The determination as to how the Alternative Liquidity Event will be structured will be made in the sole discretion of the Board of Trustees based on market conditions at such time and all other factors deemed relevant by the Board of Trustees in consultation with the Adviser and the Sub-Adviser. Expenses associated with any Alternative Liquidity Event would be borne by Common Shareholders.

There can be no assurance that an attractive counterparty will be identified for an Alternative Liquidity Event involving a reorganization transaction, or that such a transaction can be completed on attractive terms. Any reorganization transaction may be subject to approval of shareholders of the Trust and/or the counterparty to the transaction. The Trust will incur expenses in connection with an Alternative Liquidity Event involving a reorganization transaction, which will be borne by Common Shareholders.

If an Alternative Liquidity Event consists of a tender offer for 100% of the Trust's outstanding Common Shares, the disposition of portfolio investments by the Trust to fund the tender offer could cause market prices of such instruments, and hence the net asset value of Common Shares, to decline. In addition, disposition of portfolio investments will cause the Trust to incur increased brokerage and related transaction expenses. The Trust may receive proceeds from the disposition of portfolio investments that are less than the valuations of such investments by the Trust. The Trust's purchase of tendered Common Shares pursuant to a tender offer will have tax consequences for tendering shareholders and may have tax consequences for non-tendering shareholders. The purchase of Common Shares by the Trust pursuant to a tender offer will have the effect of increasing the proportionate interest in the Trust of non-tendering shareholders. All shareholders remaining after a tender offer will be subject to proportionately higher expenses due to the reduction in the Trust's total assets resulting from payment for the tendered Common Shares. Such reduction in the Trust's total assets may also result in less investment flexibility, reduced diversification and greater volatility for the Trust, and may have an adverse effect on the Trust's investment performance. There can be no assurance as to the continued viability of the Trust following completion of the tender offer.

Because the assets of the Trust will be liquidated in connection with a termination of the trust, the Trust will incur transaction costs in connection with dispositions of portfolio securities. The Trust may be required to sell portfolio securities when it otherwise would not, including at times when market conditions are not favorable, which may cause the Trust to lose money. In a liquidation, the Trust may distribute the proceeds in one or more liquidating distributions prior to the final liquidation, which may cause fixed expenses to increase when expressed as a percentage of assets under management.

Valuation Risk. Because the secondary markets for certain investments may be limited, they may be difficult to value. Generally, there is not a public market for the CLO securities in which the Trust invests. Where market quotations are not readily available or deemed unreliable, the Trust will value such securities in accordance with fair value procedures adopted by the Board of Trustees. Valuations of some or all of the Trust's investments may require input from the Sub-Adviser and third parties. Valuations requiring input from the Sub-Adviser or third parties may be based on subjective inputs of the Sub-Adviser or such third parties. Valuation of such securities may require more research than for more liquid investments. In addition, elements of judgment may play a greater role in valuation in such cases than for investments with a more active secondary market because there is less reliable objective data available. In some cases, valuation of certain investments may be based upon models, indicative quotes or estimates of value and not actual executed historical trades. Reasonable efforts will be made to base such inputs on observable market prices and inputs but there can be no assurances that such information will be readily available. A security that is fair valued may be valued at a price higher or lower than the value determined by other funds using their own fair valuation procedures. Prices obtained by the Trust upon the sale of such securities may not equal the value at which the Trust carried the investment on its books, which would adversely affect the net asset value of the Trust. The Trust may incur costs in connection with valuing its investments, including costs associated with the retention of valuation firms to value certain of the Trust's investments.

Additional Risks. For additional risks relating to investments in the Trust, including "Management Risk," "Competition Risk," "Conflicts of Interest Risks," "Confidential Information Risk" "Tax Risk," "Portfolio Turnover Risk," "Reliance on Service Providers," "Technology Risk" "Recent Market Developments Risk," "Market Disruption and Geopolitical Risk," "UK Departure from EU Risk," "Eurozone Risk," "Legislation and Regulation Risk," "LIBOR Risk" and "Large Investors Risk" please see "Risks" in the Trust's preliminary prospectus.