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## AKTREE CAPITAL MANAGEMENT FUND (EUROPE)

### *Prospectus*

*A Part II UCI incorporated under Luxembourg law  
Investment company with variable capital  
(Société d'Investissement à Capital Variable)*

Registered Office: 49, Avenue J.F. Kennedy  
L-1855 Luxembourg  
December 2021

### Important Notice

This prospectus (the "**Prospectus**") has been prepared by the Company and is furnished to Prospective Investors for the purpose of providing certain information about an investment in the Company.

Unless otherwise indicated, capitalised terms used in this Prospectus are as defined in the section "Definitions" below.

This Prospectus is provided to those persons considering an investment in shares (the "**Shares**") of one or more of the Sub-funds of Oaktree Capital Management Fund (Europe), an investment company (*Société d'Investissement à Capital Variable*) incorporated in the Grand Duchy of Luxembourg under the provisions of Part II of the Luxembourg law of 17th December 2010 on undertakings for collective investment, as amended. The Company qualifies as an alternative investment fund within the meaning of the 12 July 2013 law on alternative investment fund managers, as amended implementing Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on alternative investment fund managers, as amended and has designated Oaktree Capital Management (Lux.) S.à r.l., a *société à responsabilité limitée* incorporated under the laws of the Grand Duchy of Luxembourg as its external alternative investment fund manager.

The Company is structured as an umbrella fund which may issue Shares in respect of one or more Sub-funds. At the date of this Prospectus, the Company is issuing Shares in the Sub-funds listed in Part II of this Prospectus. In the event that further Sub-funds are created, Part II of this Prospectus will be updated.

Prospective investors are not to construe the contents of this Prospectus as legal advice and the Company has not engaged any legal or other advisors to represent investors. Each prospective investor should consult its own advisors as to legal, tax and related matters concerning an investment in Shares.

Distribution of this Prospectus is not authorised unless accompanied by a copy of the latest annual and/or semi-annual financial report, if any, of the Company. Such reports form an integral part of this Prospectus and form the basis upon which subscriptions will be accepted.

An investment in Shares involves significant risks. Investors should read this Prospectus in its entirety and should consider the risks described below under the heading "Risk Factors" below before investing in the Company. In making an investment decision, investors must rely on their own examination of the Company and the terms of the offering contemplated hereby, including the risks and merits involved. Investors should also seek independent legal, financial, tax and other advice in considering this Prospectus and an investment in the Company. The Shares have not been recommended by any securities commission or regulatory authority of any state or country. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

No person has been authorised to give any information or to make any representations, other than those contained in this Prospectus and in the documents referred to herein, in connection with the offer hereby made, and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the AIFM, Oaktree, the Investment Manager, or each of their respective affiliates.

The distribution of this Prospectus and the offering or purchase of the Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus in any such jurisdiction may treat this Prospectus as constituting an offer or invitation to them to purchase or subscribe for Shares unless in the relevant jurisdiction such an offer or invitation could lawfully be made to them. Accordingly, this Prospectus does not constitute an offer or invitation by anyone in any jurisdiction in which such offer or invitation is not lawful or in which the person making such offer or invitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or invitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to subscribe for Shares pursuant to this Prospectus to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction. Prospective subscribers for Shares, or prospective purchasers in any secondary market, should inform themselves as to the legal requirements of so subscribing or purchasing, holding or disposing of such Shares. They should also inform themselves of any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence, incorporation or domicile, including any requisite government or other consents and any other formalities.

The Board of Directors of the Company, whose names appear below in the section headed “Main Parties”, accept responsibility for the information contained in this Prospectus. To the best knowledge and belief of the Board (which has taken all reasonable care to ensure that such is the case), the information in this document is in accordance with the facts and does not omit anything likely to affect the import of the information.

Statements made in this Prospectus, except where otherwise stated, are based on the laws and practices currently in force in Luxembourg and are subject to changes therein.

The Shares in the Company may be listed on the Luxembourg Stock Exchange as referred to in Part II of this Prospectus with respect to each Sub-fund.

Classes of Shares issued to institutional investors may be purchased by and are freely transferable between institutional investors as understood pursuant to applicable Luxembourg laws and regulations.

Classes of Shares issued to non-institutional investors, if any, may be purchased by and are freely transferable between investors in compliance with the provisions set forth by this Prospectus and in accordance with the UCI Law.



## OFFERING RESTRICTIONS

### Luxembourg and other EEA States

The Shares cannot be marketed to, offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in any Member State of the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**) or (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document under Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) will be issued in relation to any Class of Shares.

### Luxembourg

The Company is constituted in the Grand Duchy of Luxembourg under Part II of the UCI Law (as defined hereinafter).

The marketing of the Company to prospective investors in Luxembourg by or on behalf of the AIFM is prohibited unless carried on in accordance with Part II of the UCI Law and other Luxembourg laws and regulations applicable to the marketing of investment funds.

The marketing of the Company to investors in Luxembourg by the AIFM has been approved by the CSSF in accordance with Part II of the UCI Law.

### Other EEA states

The marketing of the Company to prospective investors in any EEA state other than Luxembourg by or on behalf of the AIFM is prohibited unless carried on in accordance with domestic law implementing the AIFMD and other relevant domestic law. In accordance with Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on alternative investment fund managers the AIFM may market the Company to professional investors in such EEA state.

For the purposes of the above, “professional investors” means any investor who is considered to be a professional client or may, on request, be treated as a professional client within the meaning of Annex II to the EU Directive on Markets in Financial Instruments.

Neither the AIFM nor the Company is authorised, regulated or supervised in any EEA state other than Luxembourg. This Prospectus has not been registered or filed with, or approved or reviewed by, any regulator or other supervisory authority in any EEA state other than Luxembourg.

This Prospectus does not constitute an offer to the public in any EEA state.

## table of contents

1	the company .....	5
1.1	investment objective .....	5
1.2	Investment Restrictions .....	5
2	management and administration.....	6
2.1	board of directors.....	6
2.2	aifm .....	6
2.3	investment manager.....	7
2.4	global distributor .....	7
2.5	depository .....	7
2.6	administrator and registrar and transfer agent.....	8
2.7	paying agent .....	8
2.8	domiciliary agent .....	8
2.9	listing agent .....	9
3	shares.....	10
3.1	the shares.....	10
3.2	issue of shares .....	10
3.3	transfers of shares.....	11
3.4	redemptions of shares .....	12
3.5	conversion of shares .....	14
4	distribution policy .....	15
5	company charges.....	16
6	general meetings.....	18
7	liquidation of the company.....	19
8	term, merger and liquidation of sub-funds .....	20
9	consolidation/splitting .....	21
10	assets and liabilities among the sub-funds .....	22
11	information to investors .....	23
11.1	documents available for consultation .....	23
11.2	amendments to certain documents .....	23
11.3	accounts and reports .....	23
11.4	notices.....	23
12	competent jurisdiction and applicable law .....	24
13	risk and liquidity management.....	25
13.1	risk management.....	25
13.2	SFDR.....	25
13.3	Integration of Sustainability Risks .....	25
13.4	leverage.....	25
13.5	liquidity management.....	25

14	calculation of the net asset value .....	27
15	swing pricing adjustments.....	27
16	temporary suspension of the calculation of the nav, subscriptions and redemptions.....	29
17	about oaktree .....	30
17.1	the senior executives .....	30
17.2	oaktree's ownership.....	30
18	conflicts of interests .....	31
18.1	the aifm .....	31
18.2	remuneration .....	31
18.3	inducements .....	31
18.4	overlaps of the sub-funds with other oaktree funds and accounts.....	31
18.5	conflicts relating to acquisition by brookfield asset management .....	33
19	risk factors .....	36
19.1	general .....	36
19.2	broad discretionary power to choose investments and strategies .....	36
19.3	unspecified use of proceeds.....	36
19.4	investment environment .....	36
19.5	Sustainability Risk.....	37
19.6	current market conditions and governmental actions.....	37
19.7	coronavirus and public health emergencies and other geopolitical risks .....	37
19.8	the european union.....	38
19.9	foreign account tax compliance act.....	38
19.10	oecd action plan on base erosion and profit shifting ("beps") .....	39
19.11	institutional risk .....	40
19.12	counterparty, settlement and local intermediary risk .....	40
19.13	potential for insufficient investment opportunities.....	40
19.14	competition for investment opportunities.....	41
19.15	potential lack of diversification .....	41
19.16	passive investment; dependence on managers .....	41
19.17	bank loans and participations; nature of debt securities; lender risks.....	41
19.18	leverage of issuers .....	41
19.19	nature of bankruptcy proceedings .....	41
19.20	debt ratings.....	42
19.21	obligations of good faith to the borrower.....	42
19.22	issuer's representations.....	42
19.23	equity securities.....	42
19.24	risks of non-controlling investments.....	42
19.25	derivatives generally .....	42
19.26	options and warrants.....	43
19.27	when-issued; when, as and if issued; and delayed delivery securities and forward commitments.....	43
19.28	difficulty of bringing suit .....	43
19.29	restrictions on foreign investments and repatriation .....	43

19.30	inflation.....	43
19.31	accounting standards; limited availability of information; due diligence .....	43
19.32	illiquidity of the shares .....	44
19.33	material, non-public information.....	44
19.34	restricted transferability of shares .....	44
19.35	no holdback on redemptions.....	44
19.36	possible adverse effects of substantial withdrawals.....	44
19.37	recourse to a sub-fund's assets .....	44
19.38	ring-fencing .....	44
19.39	debt securities .....	45
19.40	high yield bonds.....	45
19.41	libor risks.....	45
19.42	lower-rated securities.....	45
19.43	equity securities.....	46
19.44	high portfolio turnover .....	46
19.45	currency risks and foreign exchange; hedging transactions.....	46
19.46	leverage and financing risk.....	46
19.47	forward trading.....	46
19.48	projections .....	46
19.49	brokerage and portfolio transactions.....	46
19.50	diverse investor group .....	47
19.51	on-going compliance with anti money laundering requirements .....	47
19.52	existing relationships.....	47
19.53	repurchase agreements.....	47
19.54	lending of portfolio securities.....	48
19.55	valuation risk.....	48
19.56	operational risk .....	48
20	personal data, processing and disclosure.....	49
21	brokerage and portfolio transactions.....	50
22	certain tax matters .....	52
22.1	taxation in luxembourg.....	52
22.2	taxation of shareholders in germany.....	52
23	summary of terms .....	62
24	share class suffixes.....	67

**MAIN PARTIES**

<b>COMPANY</b>	<b>Oaktree Capital Management Fund (Europe)</b> 49 Avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg
	<b>Board of Directors of the Company</b> Andrew Murray Peter Preisler Nicolas Puissant Christopher Edge
<b>AIFM</b>	<b>LFE European Asset Management S.à r.l., identified for trade purposes (and referred hereinafter) as Oaktree Capital Management (Lux.) S.à r.l.</b> 26A, boulevard Royal L-2449 Luxembourg Grand Duchy of Luxembourg  <b>Board of Managers of the AIFM</b> Mr. Jean-Paul Gennari Mrs. Philippa Elder Mr. Andrew Murray Mr. Andreas Brückmann Mr. Nicolas Puissant  AIFM's Conducting Officers Manuel Martin de Rosales Cabrera Nicolas Puissant Andreas Brückmann
<b>AUDITOR OF THE AIFM AND THE COMPANY</b>	<b>Ernst &amp; Young</b> 35 E Avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg
<b>INVESTMENT MANAGER AND GLOBAL DISTRIBUTOR</b>	<b>Oaktree Capital Management (UK) LLP</b> Verde 10 Bressenden Place London, SW1E 5DH United Kingdom
<b>DEPOSITARY, ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT, DOMICILIARY AGENT AND LISTING AGENT</b>	<b>State Street Bank International GmbH, Luxembourg branch</b> 49, Avenue J.F. Kennedy L-1855 Luxembourg
<b>LEGAL ADVISOR</b>	<b>Allen &amp; Overy, société en commandite simple</b> 5, avenue J.F. Kennedy, L-1855 Luxembourg

## definitions

The following words shall have the following meanings in this Prospectus:

"Acquisition"	has the meaning has set forth in section headed "AIFM";
"Administrator"	State Street Bank International GmbH, Luxembourg branch, or such other administrator as may be appointed by the AIFM and the Company from time to time;
"Administration Agreement"	an agreement between the Company and State Street Bank International GmbH, Luxembourg branch, as, among other things, the Administrator, the Paying Agent, and the Domiciliary Agent and the AIFM;
"AIF"	alternative investment fund;
"AIFM"	Oaktree Capital Management (Lux.) S.à r.l., a <i>société à responsabilité limitée</i> incorporated under the laws of Luxembourg, or such other AIFM as may be appointed by the Company from time to time;
"AIFM Agreement"	an agreement between the Company and the AIFM designating the AIFM as the Company's external alternative investment fund manager;
"AIFM Law"	the Luxembourg law of 12 July 2013 on alternative investment fund managers, as amended;
"AIFMD"	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on alternative investment fund managers, as amended;
"AIFM Regulation"	Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing AIFMD, as amended;
"Articles"	Articles of incorporation of the Company, as amended from time to time;
"Auditors"	the auditors of the Company from time to time;
"Bank Loans"	a note or other instrument evidencing an obligation of a debtor to repay amounts initially advanced to the debtor by or through a bank under a credit agreement or a similar arrangement;
"Board" or "Board of Directors"	the board of Directors of the Company;
"Brookfield Group"	has the maning set forth in the section headed "AIFM";
"Business Day"	a day on which banks are open for business in Luxembourg and London;
"CISA"	Collective Investment Schemes Act;
"Class" or "Classes"	a class of Shares in a Sub-fund;
"Company"	Oaktree Capital Management Fund (Europe);
"CSSF"	<i>Commission de Surveillance du Secteur Financier</i> ;
"CSSF Regulation N°12-02"	CSSF Regulation N°12-02 of 14 December 2012 on the fight against money laundering and terrorist financing, as amended from time to time
"Currency Contracts"	foreign currencies and foreign currency exchange transactions, including contracts with banks or other foreign currency brokers or dealers to purchase or sell foreign currencies at a future date;



"Dealing Currency"	in relation to each Class in a Sub-fund, the currency stipulated in Part II relating to the relevant Sub-fund as the currency in which the Net Asset Value of such Class of the relevant Sub-fund is calculated;
"Depository"	State Street Bank International GmbH, Luxembourg branch, a credit institution incorporated as a private company limited by shares ( <i>société en commandite par actions</i> ) under the laws of Luxembourg, or such other depository as may be appointed by the AIFM and the Company from time to time;
"Depository Agreement"	an agreement between the Company, the AIFM and the Depository;
"Director"	each member of the Board of Directors;
"Distributor"	a sub-distributor appointed by the Global Distributor for the purpose of assisting in the distribution of the Shares;
"Distribution Agreements"	sub-distribution agreements between the Global Distributor and Distributors in relation to the sale of Shares;
"ESG"	Environmental, social and governance
"EU"	European Union;
"EUR" or "€"	Euro;
"FATCA"	the Foreign Account Tax Compliance provisions of the US tax code;
"GBP" or "£"	United Kingdom Pounds Sterling;
"Global Distributor"	Oaktree Capital Management (UK) LLP, or such other global distributor as may be appointed by the Company and the AIFM from time to time;
"Global Distribution Agreement"	an agreement between the Company, the AIFM and the Global Distributor;
"Group" or "Groups"	OCG Group and Brookfield Group;
"Holding Entities"	entities that are formed for the sole purpose of acquiring or holding specific Permitted Investments;
"Investment Objective"	the investment objective of each Sub-fund, further details of which are set out in Part II of this Prospectus;
"Investment Manager"	Oaktree Capital Management (UK) LLP;
"Investment Management Agreement"	an agreement between the Company, the AIFM and the Investment Manager;
"Issue Price"	issue price based on the NAV per Share determined at close of business on the relevant Subscription Date;
"LuxSE"	Luxembourg Stock Exchange;
"Mémorial"	the <i>Mémorial C, Recueil des Sociétés et Associations</i> ;
"Net Asset Value" or "NAV"	the net asset value of the Shares;
"OCG"	Oaktree Capital Group, LLC;
"OCG Group"	has the meaning set forth in section headed "AIFM";
"OECD"	the Organization for Economic and Cooperation and Development;

"Oaktree"	Oaktree Capital Management, L.P. together with its affiliates;
"Other Oaktree Funds"	the other funds and accounts which Oaktree and its affiliates currently manage and may in the future manage;
"Paying Agent"	State Street Bank International GmbH, Luxembourg branch, or such other paying agent as may be appointed by the AIFM and the Company from time to time;
"Permitted Investments"	permitted investments of each Sub-fund, as set out in the section headed "Permitted Investments" in respect of each Sub-fund in Part II;
"Portfolio Management Fee"	a management fee payable to the Investment Manager, out of the assets of each Sub-fund;
"Prospectus"	this prospectus of the Company;
"R.C.S"	the <i>Registre de Commerce et des Société</i> Luxembourg;
"Registrar and Transfer Agent"	State Street Bank International GmbH, Luxembourg branch, or such other registrar and transfer agent as may be appointed by the AIFM and the Company from time to time;
"Repurchase Agreement"	any agreement with a bank or broker-dealer whereby such bank or broker-dealer agrees to repurchase securities sold by it to the Sub-fund within a specified time;
"Service Fees"	the fees paid by the Company, in accordance with normal practice in Luxembourg, to the AIFM, the Depositary, the Paying Agent, the Administrator, the Domiciliary Agent, the Listing Agent and the Registrar and Transfer Agent;
"SFDR"	Regulation (EU) 2019/2088 on sustainability in the financial service sector
"Shares"	shares without par value issued in the Company;
"Shareholders"	shareholders of the Company from time to time;
"Sub-fund", together the "Sub-funds"	a sub-fund of the Company;
"Sustainable Risks"	an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment and potentially a total loss of its value and therefore an impact on the Net Asset Value of the concerned Sub-fund
"Taxonomy Regulation"	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088
"UCI Law"	the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended;
"UCITS"	an undertaking for collective investment in transferable securities;
"USD" or "\$"	U.S. dollar;
"Valuation Date"	last Business Day of each month.

## 1 the company

The Company is an investment company organised under Luxembourg law as a *société anonyme* qualifying as a *société d'investissement à capital variable*. The Company qualifies as an AIF under the AIFM Law. The investment objective of the Company generally is to place the funds available to it in securities and other assets permitted to a collective investment undertaking under Part II of the UCI Law, with the purpose of spreading investment risks and affording Shareholders the results of the management of its portfolio. The specific investment objective and investment policy in relation to each Sub-fund are referred to in Part II of this Prospectus.

The Company was incorporated in Luxembourg on 20 June 2003 for an unlimited period. The Articles were published in the *Mémorial* on 1 July 2003. The Articles have been amended for the last time on 20 June 2014, amendments which have been published in the *Mémorial* on 15 July 2014. The Articles have been filed with the *Registre de Commerce et des Sociétés*, Luxembourg. The Company is registered with the *Registre de Commerce et des Sociétés*, Luxembourg, under number B 93.929.

The Company is structured as an umbrella fund. Pursuant to the Articles, the Board may, at any time, establish different pools of assets, each constituting a Sub-fund, which is a “*compartiment*” within the meaning of Article 181 of the UCI Law. There is no cross liability between Sub-funds and each Sub-fund shall be exclusively responsible for all liabilities attributable to it. Each Sub-fund may have similar or different investment strategies and other specific features (including, but not limited to, specific fee structures, permitted investments, investment restrictions and distribution policies) as the Board shall determine from time to time in respect of each Sub-fund.

The specific information concerning each Sub-fund, including the name and reference currency of that Sub-fund, is set out in Part II of this Prospectus. As at the date of this Prospectus, the only Sub-fund in existence is Oaktree European Senior Loan Fund. If additional Sub-funds are created, Part II of this Prospectus will be updated accordingly.

Different classes of Shares may be issued in each Sub-fund of the Company as determined by the Board and specified for each Sub-fund in Part II of this Prospectus.

The proceeds of the issue of Shares in respect of each Sub-fund will be invested for the exclusive benefit of the relevant Sub-fund in securities and other Permitted Investments in accordance with the investment policy determined by the Board from time to time in respect of the relevant Sub-fund. All Shares of the same Class in a particular Sub-fund shall have equal rights as to dividends declared (if any), income, realised and unrealised investment gains, redemption proceeds and liquidation proceeds.

The Company has designated Oaktree Capital Management (Lux.) S.à r.l. to act as its AIFM. In accordance with Annex I of the AIFM Law, the AIFM performs investment management activities (including risk management). In addition, the AIFM performs certain administrative duties, further details of which are set out in the section below headed “AIFM”.

The AIFM has delegated, in accordance with the AIFM Law, the performance of the portfolio management to Oaktree Capital Management (UK) LLP pursuant to the Investment Management Agreement.

### 1.1 investment objective

The investment objective and investment policy of the Company is to place the funds available to it in securities and other assets permitted to a collective investment undertaking under Part II of the UCI Law, with the purpose of spreading investment risks and affording its Shareholders the results of the management of its portfolio.

The specific investment objective and investment policy in relation to each Sub-fund of the Company is referred to in Part II of this Prospectus. In addition, each Sub-fund is managed in accordance with the investment powers applicable to the Company as set out in Annex A, Section I “Investment Powers and Restrictions” of this Prospectus and may use the special investment and hedging techniques and instruments specified in Annex A, Section II of this Prospectus.

### 1.2 Investment Restrictions

The investment restrictions applicable to the Company are set out in Annex A, Section I “Investment Powers and Restrictions”. In addition, each Sub-fund shall be managed in accordance with the investment restrictions specified in Part II of this Prospectus.

## 2 management and administration

### 2.1 board of directors

The Directors, whose names are set out above, are responsible for the Company's management, control, administration and the determination of its overall investment objectives and policies. Further details of each Director are set out in the section headed "Oaktree Professionals".

### 2.2 aifm

Pursuant to the AIFM Agreement, the Company has appointed Oaktree Capital Management (Lux.) S.à r.l.<sup>1</sup> as alternative investment fund manager in accordance with the AIFM Law (the "AIFM").

Oaktree Capital Management (Lux.) S.à r.l. was incorporated as a *société à responsabilité limitée* under the laws of the Grand Duchy of Luxembourg on 22 June 2015 for an indefinite period and is registered at the Luxembourg Trade and Companies Register under number B 198.087. It has its registered office at 26A, boulevard Royal, 7<sup>th</sup> Floor, L-2449 Luxembourg, Grand Duchy of Luxembourg.

Oaktree International Holdings, LLC, an indirect subsidiary of OCG ("OCG Group") has sold 50% of the ordinary shares and the shares of each class of alphabet shares issued by the AIFM to BHAL Global Corporate Limited, a company incorporated in the United Kingdom, and an indirect subsidiary of Brookfield Asset Management Inc. (together with other Affiliates of Brookfield Asset Management Inc., the "Brookfield Group"). As a result, the OCG Group and the Brookfield Group (individually referred to as a "Group" and collectively the "Groups") each hold 50% of the share capital of the AIFM (the "Acquisition").

Pursuant to a shareholder agreement, both Groups have re-affirmed their commitment to preserving the information barrier described in "Overlaps of the Fund with Other Oaktree Funds and Accounts" below (such that AIFM personnel will not share OCG Group confidential information with the Brookfield Group or Brookfield Group confidential information with the OCG Group), thereby ensuring the independence of their respective management operations. The Groups also procure that every decision in relation to the conduct of "Oaktree-sponsored activities" will be subject to the prior approval of the manager appointed by Oaktree.

As a result of the Acquisition, the AIFM's corporate name has been changed into LFE European Asset Management S.à r.l.; however, for purposes of acting in respect of OCG Group funds, the AIFM will rely on using "Oaktree Capital Management (Lux.) S.à r.l." as a trade name.

The AIFM is registered on the CSSF's official list of management companies governed by Chapter 16 of the UCI Law and is duly authorised by the CSSF as alternative investment fund manager governed by the AIFMD and therefore complies with the conditions set out in Chapter 2 of the AIFM Law.

In compliance with the provisions of the AIFM Law, the AIFM has granted a mandate in order to effectively conduct its day-to-day business to the conducting officers set forth in the section headed "Main Parties".

The Conducting Officers shall ensure that, at all times, the tasks of the AIFM and of the different service providers are performed in compliance with the UCI Law and the AIFM Law, the Articles and this Prospectus. The Conducting Officers shall also ensure compliance of the AIFM with the investment policy and investment powers and restrictions and oversee the implementation thereof.

The Conducting Officers will also report to the AIFM on a regular basis and, if necessary, will advise the AIFM of any significant breaches or issues of non-compliance with the investment policy and investment powers and restrictions.

As at the date of this Prospectus, the AIFM has also been appointed to act as a management company for other funds and can be appointed in the future to act as a management company for other funds.

Pursuant to the AIFM Agreement, the AIFM has the following duties:

- portfolio management of the Sub-funds;
- central administration, including the calculation of the Net Asset Value, the subscription, registration, conversion and redemption of Shares, and the general administration of the Company;
- compliance and risk management in respect of the Sub-funds; and
- distribution and marketing of the Shares.

In accordance with applicable laws and regulations and with the prior consent of the CSSF and the Board of Directors, the AIFM is entitled to delegate, under its control and responsibility, part of its duties and powers to any person or entity, which it

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<sup>1</sup> Oaktree Capital Management (Lux.) S.à r.l. is a trade name of LFE European Asset Management S.à r.l., a company registered with the RCS under number B198087.

may consider appropriate and which has the requisite expertise, resources and good repute, it being understood that in such case the Prospectus shall be amended accordingly.

In order to cover potential liability risks resulting from professional negligence, the AIFM holds appropriate additional own funds as well as professional liability insurance coverage in place in accordance with the provisions of the AIFM Law and the AIFM Regulation to cover any potential professional liability resulting from its activities as AIFM.

## 2.3 investment manager

The Board is responsible for investing the Sub-Funds' assets. The Company has appointed the AIFM to implement the Sub-Funds' investment policy on a day-to-day basis.

Pursuant to the Investment Management Agreement, the Company and the AIFM have appointed Oaktree Capital Management (UK) LLP as investment manager to the Sub-fund Oaktree European Senior Loan Fund. The AIFM has expressly delegated to the Investment Manager portfolio management of the Sub-fund, including the discretion to purchase and sell securities and other assets on behalf of such Sub-fund.

The Investment Manager is an affiliate of Oaktree. The Investment Manager was incorporated as a limited liability partnership under the laws of England and Wales on 15 April 2011 and is authorised and regulated by the Financial Conduct Authority in the United Kingdom. .

The Investment Manager is responsible for the placement of the Sub-fund's portfolio transactions and the negotiation of prices and commissions, if any, with respect to such transactions. Further information on how the Investment Manager seeks to obtain best execution in relation to such transactions is set out in the section below headed "Brokerage and Portfolio Transactions".

## 2.4 global distributor

Pursuant to the Global Distribution Agreement, the Company and the AIFM have expressly delegated to Oaktree Capital Management (UK) LLP the marketing, distribution and promotion of Shares on a global basis.

The Global Distributor may decide to appoint Distributors for the purpose of assisting in the distribution of the Shares and may enter into Distribution Agreements. Where the Shares are subscribed through a Distributor acting on behalf of its clients, enhanced customer due diligence will be applied to such Distributor in accordance with applicable laws and regulations in order to ensure that the anti-money laundering obligations imposed by Luxembourg law or at least equivalent obligations are complied with.

Certain Distributors may not offer all of the Sub-funds and / or Classes of Shares to their clients. Prospective Shareholders are recommended that they consult their respective Distributor for further details.

## 2.5 depositary

State Street Bank International GmbH, acting through its Luxembourg Branch acts as the depositary (the "**Depositary**") for the Company and in doing so shall comply with the provisions of the AIFMD and the terms of the depositary agreement between the Company, the AIFM and the Depositary, as amended and restated from time to time (the "**Depositary Agreement**").

The Depositary, State Street Bank International GmbH, is a limited liability company organized under the laws of Germany, having its registered office at Brienner Str. 59, 80333 München, Germany and registered with the commercial register court, Munich under number HRB 42872. It is a credit institution supervised by the European Central Bank (ECB), the German Federal Financial Services Supervisory Authority (BaFin) and the German Central Bank. State Street Bank International GmbH, Luxembourg Branch is authorised by the CSSF in Luxembourg to act as depositary of UCITS and AIFs.

The Depositary's duties include, amongst others, the following:

- (a) ensuring that the Company's cash flows are properly monitored, and that all payments made by or on behalf of investors upon the subscription of Units in the Company have been received;
- (b) safekeeping the assets of the Company, which includes (i) holding in custody all financial instruments that can be registered in a financial instrument account opened in the Depositary's books and all financial instruments that can be physically delivered to the Depositary; and (ii) for other assets, verifying the ownership of such assets and maintaining records accordingly (the "**Safekeeping Function**");
- (c) ensuring that the sale, issue, re-purchase, redemption and cancellation of Shares in the Company (to the extent relevant) are carried out in accordance with applicable laws and the Articles;
- (d) ensuring that the value of the Shares in the Company is calculated in accordance with applicable laws and the Articles;
- (e) carrying out the instructions of the AIFM, unless they conflict with applicable laws or the Articles;
- (f) ensuring that in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits; and
- (g) ensuring that the Company's income is applied in accordance with applicable laws and the Articles.

The duties and responsibilities of the Depositary in relation to the Company are set out in detail in the Depositary Agreement and, with the exception of performing such duties and responsibilities, the Depositary is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the Company and is not responsible for the preparation of this Prospectus and accepts no responsibility or liability for any information contained in this document other than the description in this Section.

The Depositary has entered into a written agreement delegating the performance of its Safekeeping Function in respect of certain assets to State Street Bank and Trust Company. The liability of the Depositary will not be affected by the fact that it has entrusted the Safekeeping Function to a third party, save where this liability is lawfully discharged to a delegate (such discharge will be notified to the Shareholders of the Company) or where the loss of financial instruments arises as a result of an external event beyond reasonable control of the Depositary as provided for under AIFM Directive. Where its liability has not been lawfully discharged, the Depositary will not be indemnified out of the assets of the Company for the loss of financial instruments.

The Company and the AIFM reserve the right to change the depositary arrangements described above by agreement with the Depositary and/or in their discretion to appoint replacement service providers to provide such depositary services.

## 2.6 administrator and registrar and transfer agent

The duties of administration agent have been entrusted to State Street Bank International GmbH, acting through its Luxembourg Branch pursuant to the terms of an administration agreement between the Company, the AIFM and State Street Bank International GmbH (the “Administration Agreement”).

State Street Bank International GmbH, Luxembourg Branch is authorised by the CSSF in Luxembourg to act as administration agent of UCITS and AIFs.

The Administrator is responsible for all administrative duties required in respect of the Company by Luxembourg law, including units issue, redemption, transfer, accounting and valuation, in accordance with the Administration Agreement.

The Administrator shall not, in the absence of fraud, negligence or wilful default, be liable to the Company or to any Shareholder for any act or omission in the course of or in connection with the discharge by the Administration Agent of its duties. The Company has agreed to indemnify the Administrator or any persons appointed by it from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from the fraud, negligence or wilful default on the part of the Administrator), which may be imposed on, incurred by or asserted against the Administrator in performing its obligations or duties hereunder.

The Administrator will have no decision-making discretion relating to the Sub-Funds' investments. The Administrator is a service provider to the Company and AIFM and is not responsible for the preparation of this Prospectus or the activities of the Company and therefore accepts no responsibility for the accuracy of any information contained in this Prospectus other than the description in this Section.

The Administration Agreement may be terminated by the Company, the AIFM or the Administration Agent giving not less than three months' notice or such shorter notices as the parties may agree in writing (or earlier on certain breaches of the Administration Agreement including the insolvency of any of them).

The Administrator is responsible for handling the processing of subscriptions for Shares and dealing with any transfers or redemptions of Shares, in each case in accordance with the Articles. The Administrator will furthermore accept transfers of funds, maintain the register of Shareholders, organize the mailing of statements, reports, notices and other documents to the Shareholders.

## 2.7 paying agent

Pursuant to the Administration Agreement, the AIFM and the Company have appointed State Street Bank International GmbH, Luxembourg branch, as the Company's paying agent.

The Paying Agent is responsible for receiving payments for subscriptions for Shares and depositing such payments in the relevant Sub-fund's bank account. If applicable, the Paying Agent is responsible for the payment of dividends (if any) to Shareholders.

## 2.8 domiciliary agent

Pursuant to the Administration Agreement, the AIFM and the Company have appointed State Street Bank International GmbH, Luxembourg branch as the Company's domiciliary agent.

The Domiciliary Agent is responsible for, among other things, retaining the corporate documents of the company, distributing Shareholder notices and notices and correspondence on behalf of the Company.

## 2.9 listing agent

Pursuant to the Administration Agreement, the AIFM and the Company have appointed State Street Bank International GmbH, Luxembourg branch, as the Company's listing agent.

The Listing Agent arranges for and maintains the listing of the Shares on LuxSE. The Listing Agent is also responsible for the filing of any documentation with LuxSE, including the publication of any notifications or announcements on the LuxSE website on behalf of the Company.





## 3 shares

### 3.1 the shares

The Shares of each Sub-fund are registered Shares only.

Different Classes of Shares may be issued in each Sub-fund of the Company, as determined by the Board and outlined in Part II of this Prospectus.

The Shares of each Class in each Sub-fund, subject to any restrictions relating to the transfer of Shares as specified in the section headed “Transfers of Shares”, are freely transferable, and Shareholders holding Shares of the same Class are entitled to participate equally in the profits, losses and liquidation proceeds attributable to the relevant Sub-fund. The Shares in each Sub-fund, which must be fully paid upon the date of issue, carry no preferential or pre-emptive rights, and each Share entitles the holder to one vote at all meetings of Shareholders.

Shares redeemed by the Company will be cancelled.

### 3.2 issue of shares

Matters relating to the initial offering of Shares of each Sub-fund, the initial issue price for such Shares and the minimum investment by an individual Shareholder are referred to in Part II of this Prospectus. Shares may be issued with fractional entitlements up to three decimal places.

The Board may decide not to issue any further Shares in any Sub-fund after its relevant initial offering. If further subscriptions are permitted, the procedures set forth in Part II of this Prospectus as it relates to the relevant Sub-fund will be applied.

Normally, certificates of registration will not be issued unless on demand of a Shareholder. A written confirmation will be dispatched to Shareholders confirming the number of Shares held as soon as practicable after the issue date.

#### Classes of Shares

The Company may issue different Classes of Shares, as determined by the Board which may differ *inter alia* in the fee structure, the target investors and the distribution policy.

The Classes of Shares for each Sub-fund are described in Part II of this Prospectus.

#### Subscription Procedure

Applications for subscription should be made by way of a completed subscription agreement, and should be addressed directly to the Registrar and Transfer Agent or, in the event that a Distributor has been engaged by the Global Distributor on behalf of the Company or any Sub-fund, to the Distributor. Subscription proceeds must be received before the issue of Shares.

Subscriptions for Shares in any Sub-fund may be made at such intervals as the Board of Directors may determine, from time to time, in respect of the relevant Sub-fund as specified in Part II of the Prospectus. In order for a subscription to be made on a specific subscription day (the “**Subscription Date**”), the relevant application must be received by 3 pm CET on the relevant Subscription Date.

#### Issue Price

The subscription (if accepted) will be made at the Issue Price. Any application for Shares in a particular Sub-fund, which is received after such time, will lead to a subscription for Shares (if accepted) at the issue price based on the NAV per Share determined at close of business on the next Subscription Date.

#### Subscription Restrictions

The Board of Directors may determine for each Sub-fund a minimum subscription amount, a minimum subsequent subscription amount and a minimum holding, which, if applicable, are indicated for each Sub-fund concerned in Part II of this Prospectus. The AIFM may also levy, in respect of a particular Sub-fund, a subscription charge in favour of the Company or the Distributor which, if applicable, will be disclosed in Part II of this Prospectus in relation to the particular Sub-fund.

In addition to any minimum Shareholder qualifications that the Board of Directors may establish for each Sub-fund, which shall be set forth in Part II of this Prospectus, any prospective Shareholder who is a U.S. Person will be issued Shares only if such person provides representations to the Company that such person is both an Accredited Investor and a Qualified Purchaser. To the extent that Shares of a relevant Sub-fund are limited to institutional investors as such term is interpreted by the CSSF and any applicable laws and regulations from time to time in Luxembourg, any prospective Shareholder shall only be issued such Shares if such person provides representations that it qualifies as an institutional investor pursuant to Luxembourg law.

The Company, subject to applicable legal requirements, may modify any of the above subscription requirements and the manner in which the Shares are offered. The distribution of the Shares may furthermore be discontinued temporarily or permanently, or limited to persons resident or established in certain countries or territories. Further, the Board of Directors may prohibit certain persons or corporate bodies from acquiring Shares if such a measure is necessary to protect Shareholders as a



whole or the Company. Moreover, the Board of Directors may reject at its sole discretion and for any reason any application for subscription of Shares in whole or in part.

The issue of Shares in a particular Sub-fund will be suspended whenever the calculation of the NAV per Share of the relevant Sub-fund is suspended in accordance with the section below entitled “Temporary Suspension of the Determination of the NAV, Subscriptions and Redemptions”.

### Money Laundering and Terrorist Financing Prevention

Pursuant to the applicable laws, regulations and CSSF circulars, including but not limited to (i) the Luxembourg law of 12 November 2004, relating to the fight against money laundering and the financing of terrorism, as amended and (ii) the CSSF Regulation 12-02 (together the “**Luxembourg AML Laws**”), obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering or terrorist financing purposes.

Such obligations require a detailed verification of a Prospective Investor's identity. The Luxembourg AML Laws require such detailed verification procedures to be performed under the supervision and responsibility of the Administrator, which acts under the ultimate supervision of the AIFM and the Company. Such detailed identity verification requirements will be implemented in respect of all Prospective Investors which seek to subscribe for Shares and shall be carried out by the Administrator, the Global Distributor or any Sub-Distributor (if applicable) (provided that the Administrator will only delegate such obligations to a regulated financial institution located in a country recognised by the Administrator as having anti-money laundering regulations equivalent to those under Luxembourg law). For the avoidance of doubt, the Company has implemented procedure to comply with the requirements set out in the various Luxembourg AML Laws applicable to it, including procedures to monitor the selection and on-going monitoring of the Sub-Funds' assets through a risk based approach and sanction screening.

The Administrator reserves the right to request such information as is necessary to verify the identity of a Prospective Investor. In the event of delay or failure by the applicant to provide such information, the Company, the AIFM or the Administrator may refuse to accept the application and none of the AIFM, the Company, the Administrator or any other person will be liable for any interest, costs or compensation.

In addition, no redemption or conversion of Shares shall be processed, and no redemption proceeds shall be paid out until the relevant anti-money laundering procedures have been completed.

The Company may in its sole discretion, reject any Subscription Form in whole or in part for any reason and without giving reasons in which event the application monies or any balance thereof will be returned without unnecessary delay to the applicant by transfer to the applicant's designated account or by post at the applicant's risk, provided nothing prevents such transfer under any Luxembourg anti-money laundering regulations. In such event, none of the AIFM, the Company, the Administrator or any other person will be liable for any interest, costs or compensation.

Any information provided in this context is collected for anti-money laundering compliance purposes only.

### Special Provisions Relating to In-kind Contributions

The Board of Directors shall have the right to accept or decline in-kind contributions in its sole discretion. In the event that in-kind contributions are accepted, they will need to comply with the investment policy and restrictions of the relevant Sub-fund in addition to the requirements set forth below.

Any investor desiring to contribute securities shall make a written request to the Company at least thirty Business Days prior to any date on which subscriptions are accepted, which notice shall specify the following, unless waived by the Board in its sole discretion: (i) the number of securities and their principal amount or stated par value, if any, (ii) a description of the security including the issuer, security type, coupon, maturity and date of issuance, (iii) the security identification number (*e.g.* CUSIP, or other number), (iv) the name of the Depositary, sub-depositary or depository where the security is held and by whom and (v) legal representations as to ownership and any applicable transfer restrictions. The value of any securities contributed will be confirmed in a report established by the Auditors which qualifies as a “*réviseur d'entreprises*”. The fees and charges relating to an in-kind contribution shall be borne by the contributing investor.

Any securities accepted by the Company shall be delivered to the Depositary in the following manner: (i) if such securities are in book-entry form, such securities shall be delivered through a depository to the principal depository of the Depositary, and (ii) if such securities are certificated, the physical securities shall be delivered to the principal location for acceptance of physical securities by the Depositary as customary in industry practice with all appropriate and customary endorsements.

## 3.3 transfers of shares

Shares are freely transferable with the exception that:

- i) Shares of institutional Classes may not be transferred to retail investors;
- i) Shares may not be transferred to any U.S. Person unless such person provides representations to the Company that such person is both an Accredited Investor and a Qualified Purchaser; and

- ii) Shares may not be transferred where, *inter alia*, the transfer could result in legal, pecuniary, competitive, regulatory, tax or material administrative disadvantage to the Company, any Sub-fund or the Shareholders.

The transfer of Shares may normally be effected by delivery to the Registrar and Transfer Agent of an instrument of transfer in appropriate form. A transferee will be required to complete a subscription agreement if such transferee is a new investor in the Company.

Shareholders are recommended to contact the Registrar and Transfer Agent prior to requesting a transfer to ensure that they have all the correct documentation for the transactions.

According to the provisions of the Articles, any transfer of registered Shares shall be entered into the register of Shareholders.

### 3.4 redemptions of shares

Matters relating to the possibility and frequency of redemptions of Shares of each Sub-fund, the payment of the redemption price for such Shares and the minimum investment by an individual Shareholder are referred to in Part II of this Prospectus. The Company and the AIFM may set forth any procedures (including notice periods), in respect of redemption requests. Such procedures are detailed for each Sub-fund in Part II of this Prospectus.

Requests for the redemption of Shares must be made in writing by ordinary post or by facsimile to the Registrar and Transfer Agent. All redemption requests must contain the following information:

- the full name(s) in which the Shares are registered;
- the Sub-fund from which the Shares are being redeemed;
- the Shareholder(s) personal customer number, if any and if known;
- the number of Shares or percentage of holdings to be redeemed; and
- payment details.

The redemption price payable in respect of a valid redemption request, which has been duly accepted, will be determined by the NAV per Share of the relevant Class of Shares determined at close of business on the applicable redemption day in accordance with section 14 “calculation of the net asset value” (the “**Redemption Date**”). Moreover, any taxes, commissions and other fees incurred in connection with the transfer of the redemption proceeds (including those taxes, commissions and fees incurred in any country in which Shares are sold and including the establishment expenses referred to in the section below headed “Company Charges” of Part I of this Prospectus and outlined in respect of the relevant Sub-fund in Part II of this Prospectus) will be charged by way of a reduction to any redemption proceeds.

If as a result of any redemption request, the number or the aggregate NAV (as defined in Part II of this Prospectus as it relates to the relevant Sub-fund) of the Shares held by any Shareholder in the Company or any Sub-fund would fall below such minimum number or such value as may be determined by the Board of Directors, then the Company may determine that any such request be treated as a request for redemption for the full balance of such Shareholder’s holding of Shares in the Company or in such Sub-fund.

Unless otherwise set forth in Part II of this Prospectus for the relevant Sub-fund, the Board of Directors may, in its discretion, decide to pay out the redemption proceeds for redeemed Shares in whole or in part, either in cash or in kind, within ten Business Days, without interest, from the date on which the redemption was effective. The total or partial in kind payment of the redemption price may only be made (i) with the consent of the relevant Shareholder which consent may be indicated in the Shareholder’s subscription agreement or otherwise; (ii) with regard to the Shares available to institutional investors as such term is interpreted by the CSSF and any applicable laws and regulations from time to time in Luxembourg; and (iii) by taking into account the fair and equal treatment of the interests of all Shareholders. In addition, in kind payments of the redemption price will only be made provided that the Shareholders who receive the in-kind payments are legally entitled to receive and dispose of the redemption proceeds for the redeemed Shares of the relevant Sub-fund. In the event of an in-kind payment, the costs of any transfers of securities to the redeeming Shareholder shall be borne by that Shareholder. To the extent that the Company makes in-kind payments in whole or in part, the Company will undertake its reasonable efforts, consistent with both applicable law and the terms of the in-kind assets being distributed, to distribute such in-kind assets to each redeeming Shareholder pro rata on the basis of the redeeming Shareholder’s Shares of the relevant Sub-fund.

Under special circumstances, including but not limited to, the inability to liquidate positions at acceptable price levels as of a redemption date or default or delay in payments due to the relevant Sub-fund from brokers, banks or other persons or entities, the Company may in turn delay payments to redeeming Shareholders of that part of the NAV represented by the sums which are the subject of such default or delay. In addition, the Company may suspend redemptions and defer payment of the redemption proceeds in respect of Shares during any period that the determination of the NAV of the relevant Sub-fund is suspended in accordance with the section below entitled “Temporary Suspension of the Determination of the NAV, Subscriptions and Redemptions”. Payment of redemption proceeds may also be delayed if there are any specific statutory provisions such as foreign exchange restrictions, or any circumstances beyond the Company’s control which make it impossible to transfer the redemption proceeds to the country where the redemption was requested.

A Shareholder may not withdraw his request for redemption of Shares except in the event of a suspension of the determination of the NAV of the Shares and, in such event, a withdrawal will be effective only if written notification is received by the AIFM

before the termination of the period of suspension. If the request is not so withdrawn, the Company shall proceed to redeem the Shares on the first applicable redemption date following the end of the suspension of determination of the NAV of the Shares of the relevant Sub-fund.

The Company may direct a Shareholder to sell its Shares and to provide to the Company evidence of the sale within thirty (30) days of the notice where it appears to the Company that:

- (i) Shares of institutional Shares Classes have been transferred to retail investors;
- (ii) Shares have been transferred to a U.S. Person who has not provided representations to the Company that such person is an Accredited Investor and a Qualified Purchaser; or
- (iii) Shares have been transferred where, *inter alia*, the transfer could result in legal, pecuniary, competitive, regulatory, tax or material administrative disadvantage to the Company, any Sub-fund or the Shareholders.

If the Shareholder fails to comply with the direction, the Company compulsorily may redeem or cause to be redeemed from any such Shareholder all Shares held in the manner and under the conditions as described in the Articles.

The Company is also entitled to compulsorily redeem all or a portion of any Shares held by a Shareholder in any other circumstances in which the Company determines in its absolute discretion that such compulsory redemption would avoid material legal, regulatory, pecuniary, tax, economic, proprietary, administrative or other disadvantages to the Company, including but not limited to the cases where such Shares are held by Shareholders who are not entitled to acquire or possess these Shares, or who fail to comply with any obligations associated with the holding of these Shares under any applicable laws or regulations. Without limitation of the foregoing, the Company is entitled to compulsorily redeem all or a portion of any Shares held by a Shareholder if (i) the Company determines that the continued participation of such Shareholder may cause the Company to be out of compliance with any applicable “foreign financial institution” or intergovernmental agreement related to FATCA or may otherwise cause the Company or the other Shareholders to be subject to withholding under FATCA, (ii) such Shareholder fails to provide any information requested by the Company for the purpose of FATCA compliance or (iii) to the extent necessary to ensure that the cost of any withholding required with respect to or as a result of such Shareholder under FATCA is borne solely by such Shareholder.

If the net assets of the relevant Sub-fund on any particular Valuation Date becomes at any time less than the minimum level determined by the Board of Directors pursuant to the Section headed “Term, Merger and Liquidation of Sub-funds”, the Company, at its discretion, may redeem all of the Shares then outstanding. All such Shares will be redeemed at the NAV per Share less any liquidation or other costs incurred. The AIFM will notify the Shareholders of the relevant Sub-fund prior to the effective date for the compulsory redemption by sending a notice directly to the Shareholders at the address contained in the register of Shareholders. The notice will indicate the reasons for, and the procedures of, the redemption operations.

In order to ensure that Shareholders who remain invested in the Company are not disadvantaged by the reduction of the liquidity of the Company’s portfolio as a result of significant redemption applications received over a limited period, the Board of Directors may apply the procedures set out below in order to permit the orderly disposal of securities to meet redemptions. Upon receiving requests to redeem Shares of a Sub-fund in excess of 10% of the NAV of the Company or of any Sub-fund (the “**Redemption Limitations**”), the Company, having regard to the fair and equal treatment of Shareholders:

- (i) shall not be bound to redeem Shares on any Redemption Date in excess of the Redemption Limitations (notwithstanding that, as a result, a particular Shareholder may hold less than the minimum number of Shares which may be held by one Shareholder in the Company).
- (ii) may defer redemption requests received in respect of any one Redemption Date (the “First Redemption Date”) exceeding the Redemption Limitations to the next Redemption Date. All valid redemption requests may be scaled down pro rata with respect to such First Redemption Date so that not more than 10% of the NAV of the Company or of any Sub-fund be redeemed on such First Redemption Date. To the extent that any redemption request is not given full effect on such First Redemption Date by virtue of the exercise of the power to pro-rate redemption requests, it shall be treated with respect to the unsatisfied balance thereof as if a further request had been made by the Shareholder in respect of the next Redemption Date and, if necessary, subsequent Redemption Dates, until such redemption request shall have been satisfied in full. With respect to any redemption request received in respect of the First Redemption Date, to the extent that subsequent redemption requests shall be received in respect of following Redemption Dates, such later redemption requests shall be postponed in priority to the satisfaction of pending redemption requests relating to the earlier Redemption Dates, but subject thereto shall be dealt with as set out in the preceding sentence. In addition the Board of Directors has the right to suspend redemption requests if it has to liquidate an important part of the portfolio of the relevant Sub-fund in order to satisfy redemption requests.
- (iii) may elect to either distribute assets in kind (consistent with the requirements for in-kind distributions stated herein) or sell assets in amounts sufficient to redeem the Shares for which redemption applications have been received. If the Company chooses to distribute assets in kind or to sell assets, the amount due to the Shareholders who have applied to have their Shares redeemed will be based on the applicable NAV per Share. Cash payments will be made forthwith upon completion of the sales and the receipt by the Company of the proceeds of sale in freely convertible currency. Receipt of the sales proceeds by the Company however may be delayed and the amount ultimately received may not reflect necessarily the NAV calculation made at the time of the relevant transactions because of possible fluctuations in the currency values and difficulties in repatriating funds from certain jurisdictions.

A redemption fee may be payable as a deduction from redemption proceeds to the extent specified in Part II of this Prospectus. The Board of Directors has the right to waive partly or entirely this redemption fee.

### 3.5 conversion of shares

Except as otherwise decided by the Board of Directors, Shareholders cannot convert all or part of their Shares of any Class in one Sub-fund into another Class of Shares in the same Sub-fund and/or into Shares of one or more other Sub-funds.

## 4 distribution policy

The general meeting of Shareholders in respect of each Sub-fund and in accordance with the limits provided by Luxembourg law, shall determine how the profits, if any, of the Company shall be treated, and from time to time may declare dividends, provided, however, that the capital of the Company does not fall below the prescribed minimum capital.

The Board of Directors may decide to pay interim dividends in compliance with the Articles and the conditions set forth by Luxembourg law.

The Board of Directors intends to, but shall not be obliged to propose to the general meeting of each Sub-fund to declare and effect distributions referable to net capital gains by way of dividends on an annual basis and on such date to be determined by the Board of Directors from time to time. The Board of Directors intends to, but shall not be obliged to declare and effect distributions referable to net income gains through interim dividends on a quarterly basis and on such dates to be determined by the Board of Directors from time to time.

Such distributions shall be effected in cash, which shall be deemed contributed to the Company for the purchase of additional Shares in the Sub-fund concerned, provided that Shareholders may elect not to contribute such cash dividends to the Company for the purchase of additional Shares. Such election must be in writing to the Board of Directors and, if not made in the original subscription agreement, must be received within fourteen days of the declaration of such distribution.

Distributions shall be paid at such time and place that the Board of Directors shall determine from time to time.

An income equalisation amount may be calculated by reference to the amount of the monthly NAV per Share representing accrued net investment income (or deficit) or accrued net realized capital gains (or losses) at the time when a subscription or a redemption is made so that the dividend corresponds to the actual entitlement.

No interest shall be paid on a dividend declared by the Company and kept by it at the disposal of its beneficiary. A dividend declared but not paid on a Share cannot be claimed by the holder of such Share after a period of five years from the notice given thereof, unless the Board of Directors has waived or extended such period in respect of all Shares, and shall otherwise revert after expiry of the period to the relevant Sub-fund of the Company. The Board of Directors shall have power from time to time to take all steps necessary and to authorise such action on behalf of the Company to perfect such reversion.

Further details of the distribution policy for each Sub-fund are described in Part II of this Prospectus.



## 5 company charges

The Company, or the AIFM on behalf of the Company, pays for the various Sub-funds and by Class of Shares aggregate fees on a monthly basis in arrears calculated on the average monthly net assets of the relevant Sub-fund and Class (before deduction of such fees) at the annual rates set forth in Part II of this Prospectus.

The Investment Manager will receive, out of the assets of each Sub-fund the Portfolio Management Fee. The Investment Manager will bear certain expenses in connection with the performance of its duties as Investment Manager, including, without limitation, compensation of, and office space for, the Investment Manager's officers and employees involved in investment management, economic research, trading and investment advice for the Company, and legal, tax and accounting expenses and filing fees which are not related to the performance of its duties under the Investment Management Agreement for the relevant Sub-fund. The Investment Manager shall also be entitled to reimbursement of reasonable out-of-pocket expenses to the extent such expenses are proper liabilities of the Company as described below.

To the extent applicable, the Global Distributor or any other Distributors and/or any permanent representatives in places of registration of the Company or any Sub-fund will receive, out of the assets of each Sub-fund, any distribution fees. The Global Distributor shall also be entitled to reimbursement of reasonable out-of-pocket expenses to the extent such expenses are proper liabilities of the Company as described below.

The Company also will pay Service Fees in accordance with normal practice in Luxembourg. In addition, the AIFM, the Depositary, the Paying Agent, the Administrator, the Domiciliary Agent, Listing Agent and the Registrar and Transfer Agent are also entitled to reimbursement of reasonable out-of-pocket expenses to the extent that such expenses are the proper liabilities of the Company as described below.

The Company will be responsible for all of its establishment expenses and each Sub-fund shall bear its own establishment expenses.

In addition, the Company will be responsible for all other costs and expenses, direct or indirect and of whatever kind, that are incurred by, or arise out of the operation and activities of or otherwise are related to, the Company other than the day-to-day expenses (including the costs of their respective employees, office accommodation and overheads) of the Investment Manager, the Global Distributor, the AIFM, the Administrator, the Depositary, the Paying Agent and its corresponding banks, the Listing Agent, the Registrar and Transfer Agent and their respective affiliates which shall be for their respective accounts. Such costs and expenses of the Company will include, without limitation: (a) fees payable to advisers, performance-related fees, out-of-pocket expenses of the AIFM, the Depositary, the Paying Agent and its correspondent banks, the Administrator, the Listing Agent, the Registrar and Transfer Agent, the Global Distributor and permanent representatives in places of registration and their respective affiliates, as well as any other external professionals or agents engaged by or on behalf of the Company; (b) the remuneration of the Directors (if any) and their reasonable out-of-pocket expenses, insurance coverage and reasonable travelling costs in connection with Board meetings; (c) costs, fees, expenses and liabilities relating to the sourcing, developing, evaluating, negotiating, structuring, acquiring, holding, administering, monitoring, financing, refinancing, managing, disposing and hedging investments (and proposed but unconsummated investments, as applicable) (including reasonable travel and related expenses associated therewith, which may include business or first class airfare and, in limited circumstances, private air travel (including reimbursement of the Investment Manager, its affiliates or their respective employees for use of aircraft owned or leased by them), in each case, consistent with Oaktree's travel policies), including appraiser, retainer, finder, placement, adviser, consultant, custodian, sub-custodian, depositary, transfer agent, disbursement, brokerage, registration, legal and other similar costs, fees and expenses, in each case, to the extent that such costs, fees and expenses are not reimbursed by a third person (including any portfolio company) and any fees, costs and expenses relating to any borrowings; (d) Bloomberg fees, research and software expenses, and other expenses incurred in connection with data services providing price feeds, news feeds, securities and company information, company fundamental data, and "S&P Index Alerts" attributable to such investments; (e) costs, fees and expenses for other third party research, news, industry information, analytics and expert networks/research resources; (f) costs, fees and expenses for support services (including data processing, trading, settlement, client relations, accounting, legal and tax support and other services) outsourced to third party service providers; (g) legal, compliance, custodial, depositary, trading, settlement, client relations, auditing, accounting and banking costs, fees and expenses, including for example costs, fees and expenses attributable to legal, compliance, trading, settlement, client relations, accounting, reporting and information management software and systems used in connection with a Sub-fund and its activities as well as those associated with the preparation of financial statements, tax returns and the filing of various foreign tax withholding and treaty forms; (h) appraisal and valuation costs, fees and expenses, including costs, fees and expenses of independent appraisal or valuation services or third party vendor price quotations; (i) costs, fees and expenses related to organising persons, including any alternative investment vehicle, through or in which investments may be made; (j) costs, fees and expenses that are classified as extraordinary expenses under generally accepted accounting principles; (k) premiums and fees for insurance to benefit, directly or indirectly, the Company, a Sub-fund, the Shareholders, the AIFM, the Investment Manager, the Global Distributor, the Paying Agent and its corresponding banks, the Administrator, the Domiciliary Agent, the Listing Agent, the Registrar and Transfer Agent, the Depositary or their respective affiliates or their respective shareholders, partners, members, officers, directors, employees, and agents, with respect to liabilities to any person in connection with the affairs of such entities and for directors' and officers' liability insurance or other similar insurance policies, including errors and omissions insurance and financial institution bond insurance; (l) taxes and other governmental charges, fees and duties; (m) indemnification expenses and damages and other costs, fees and expenses relating to litigation or other matters that are the subject of the indemnification rights; (n) costs of reporting to regulatory authorities in any jurisdiction in which the Company, a Sub-fund, the Investment Manager, the Global Distributor, the AIFM, the Paying Agent



and its corresponding banks, the Administrator, the Domiciliary Agent, the Listing Agent, the Registrar and Transfer Agent, the Depository or their respective affiliates or other entity owned directly or indirectly by a Sub-fund invests, is organised or is marketed or otherwise directly or indirectly conducts business related to the Company or its investments, including without limitation the U.S. Securities and Exchange Commission (the “SEC”), the U.S. Commodity Futures Trading Commission (the “CFTC”), the NFA, the U.S. Treasury, the U.S. Internal Revenue Service and other national, state, provincial or local regulatory authorities in any country or territory (for example, Form PF and Form CPO PQR in the United States and filings related to the offering of Shares in particular jurisdictions), provided that the costs of Oaktree and its affiliates’ general compliance with the U.S. Investment Advisers Act of 1940, as amended, such preparation and updating of Form ADV will be borne by Oaktree and its affiliates; (o) costs, fees and expenses of reporting to Shareholders (including, without limitation, the cost of preparing, translating, printing and advertising and distributing this Prospectus, further explanatory sales documents and other marketing presentations, investor fact sheets and other periodic reports and statements, the cost of publishing the Net Asset Value of the Company, Sub-funds, Classes of Shares and Shares and information related to the value of the Company and its Sub-funds); (p) costs, fees and expenses of convening meetings of Shareholders and Board meetings; (q) any fees and expenses involved in registering the AIFM, the Company, the Investment Manager and/or their respective affiliates with any governmental agencies or stock exchanges in Luxembourg and in any other country (together with the cost of any proposed listing and maintaining any such listings); (r) costs, fees and expenses relating to the incurrence and repayment of indebtedness (together with any interest and other amounts payable thereon and fees and expenses related thereto) of the Company; (s) sales, leasing and brokerage commissions, development fees, loan servicing fees, custodial expenses and other costs, fees and expenses incurred in connection with investments; and (t) costs, fees and expenses of liquidation, winding up and dissolution of the Company and/or its Sub-funds (as the case may be) (for these purposes, such fees and expenses, together with all establishment costs of the Company and each Sub-fund, being “Other Fees”). The Company may also have to pay VAT due on certain of the costs set out above. Furthermore, unless expressly stated otherwise, references to caps or maximum amounts of fees (including the Portfolio Management Fee) in Part II of this Prospectus do not include the amount of any such VAT which, if chargeable, could thus increase the total cost to the Company or Sub-fund (as applicable) above the level of that cap or maximum amount.

The Company may accrue administrative and other expenses of a regular or recurring nature based on an estimated amount rateably for yearly or other periods. To the extent that the Other Fees are attributable solely to a particular Sub-fund, such as fees payable to Investment Manager(s), such costs and expenses will be allocated solely to such Sub-fund. To the extent that the Other Fees are incurred by the Company for the benefit of all Sub-funds, such costs and expenses will be allocated among the Sub-funds pro rata in accordance with their relative Net Asset Values. Otherwise, such costs and expenses will be allocated among the Sub-funds in good faith and in a manner considered reasonable by the Board.

Each new Sub-fund will bear the expenses relating to its own launch. Such costs will be amortized over a five-year period in equal instalments.

## 6 general meetings

The annual general meeting of Shareholders will be held at the registered office of the Company or at such other place in Luxembourg each year within six (6) months after the accounting period end and at a time indicated in the notice convening such annual general meeting.

Except as otherwise provided for by the Luxembourg law or the Articles, notices of all general meetings will be sent to the Shareholders by registered mail at least eight days prior to the meeting at their addresses shown on the register of Shareholders. Such notices will include the agenda and will specify the time and place of the meeting and the conditions of admission. They also will refer to the rules of quorum and majority required by Luxembourg law and laid down in Articles 450-1 and 450-3 of the law of 10 August 1915 on commercial companies (as amended) and in the Articles of the Company. The balance sheet and the account, as well as the audited annual report, shall be sent to the Shareholders at the same time as the convening notice to the annual general meeting.

Each Share confers the right to one vote.

The vote on the payment of a dividend in a particular Sub-fund requires a separate majority vote from the meeting of Shareholders of the relevant Sub-fund. Any change in the Articles affecting the rights of a particular Sub-fund must be approved by a resolution of both the general meeting of the Company and the Shareholders of the relevant Sub-fund.



## 7 liquidation of the company

The Company is incorporated for an unlimited period and dissolution shall be decided upon by an extraordinary general meeting of Shareholders in the manner required for amendment of the Articles.

Whenever the share capital falls below two-thirds of the minimum capital required by Luxembourg law, the issue of whether the Company should be dissolved shall be referred to the general meeting of Shareholders by the Board of Directors. The general meeting of Shareholders, for which no quorum shall be required, shall decide by simple majority of the votes of the Shares represented at the meeting.

The issue of whether the Company should be dissolved shall also be referred to the general meeting of Shareholders whenever the share capital falls below one-fourth of the minimum capital set by the Articles. In this case the general meeting of Shareholders shall be held without any quorum requirements and the dissolution may be decided by the votes of the Shareholders holding one-fourth of the Shares represented at the meeting.

The meeting must be convened so that it is held within a period of forty days from the discovery that the net assets of the Company have fallen below two-thirds or one-fourth of the minimum capital set by the Articles, as the case may be.

In the event of dissolution of the Company, liquidation shall be carried out by one or several liquidators (who may be individuals or legal entities) who are named in the resolution of Shareholders effecting such dissolution. A Shareholders' resolution also shall determine their powers and their compensation. Any such liquidation will be carried out pursuant to the UCI Law.

The net proceeds of liquidation corresponding to each Sub-fund shall be distributed by the liquidators to the holders of Shares of each Sub-fund in proportion to their holding in the respective Sub-fund(s).

Any liquidation proceeds that cannot be distributed to the persons entitled to them upon the implementation of the liquidation will be deposited with the Depositary for a period of six months thereafter. After that time, the assets will be deposited with the "*Caisse de Consignations*" on behalf of the persons entitled to them.



## 8 term, merger and liquidation of sub-funds

The Sub-funds may be created for any undetermined period or for a fixed period as provided for in Part II of this Prospectus. In case a Sub-fund is created for a fixed period, it will terminate automatically on its maturity date provided for in Part II of this Prospectus.

The Board of Directors may decide to liquidate a Sub-fund if the net assets of such Sub-fund have decreased to, or have not reached, an amount determined by the Board of Directors to be the minimum level for such Sub-fund to be operated in an economically efficient manner or if a change in circumstances relating to the Sub-fund concerned would justify such liquidation. Shareholders will be notified by the Company of any decision to liquidate the relevant Sub-fund prior to the effective date of the liquidation and the notice will indicate the reasons for, and the procedures applicable in respect of the liquidation.

Unless the Board of Directors otherwise decides in the interest of, or to keep equal treatment between, the Shareholders, the Shareholders of the Sub-fund concerned may continue to request redemption of their Shares. Assets which cannot be distributed to their beneficiaries upon the close of the liquidation of the Sub-fund concerned will be deposited with the Depositary for a period of six months after the end of the liquidation. After such time, the assets will be deposited with the *Caisse des Consignations* on behalf of their beneficiaries.

In the same circumstances as provided above, the Board of Directors may decide to terminate one Sub-fund and contribute its assets into another Sub-fund or into another collective investment scheme which is regulated under Part II of the UCI Law. The Board of Directors may resolve to amalgamate two or more Sub-funds if it believes that such a course of action is in the best interests of the Shareholders of the relevant Sub-funds. Affected Shareholders will be notified of any such decision and relevant information in relation to the new Sub-fund. Notice will be provided at least one month before the date on which the amalgamation becomes effective in order to enable Shareholders to request that their Shares be redeemed before the amalgamation is completed.

Where assets are to be contributed to another collective investment undertaking, the amalgamation will be binding only on Shareholders in the relevant Sub-fund who will expressly consent to the amalgamation. Where the Board of Directors does not have the authority to do so or where the Board of Directors determines that the decision should be put to Shareholders for their approval, the decision to liquidate or to merge a Sub-fund may instead be taken at a meeting of Shareholders of the relevant Sub-fund. At the relevant meeting of Shareholders in the Sub-fund, no quorum will be required and any decision to liquidate or to merge must be approved by Shareholders holding at least a simple majority of the Shares present or represented. Shareholders will be notified by the Company of any resolution to proceed with amalgamation at least one month before the effective date of the liquidation or amalgamation of the Sub-fund in order to enable Shareholders to request redemption or switching of their Shares before the liquidation or amalgamation of the Sub-fund takes place.

## 9 consolidation/splitting

The Board of Directors may consolidate or split the Shares of a Sub-fund. A consolidation or split may also be resolved by a general meeting of Shareholders of the Sub-fund concerned deciding, without any quorum requirements, at the simple majority of the Shares represented.

## 10 assets and liabilities among the sub-funds

The Board of Directors will allocate the assets and liabilities between the Sub-funds in the following manner:

- i. The proceeds to be received from the issue of Shares of a Sub-fund shall be applied in the books of the Company to the relevant Sub-fund;
- ii. Where any asset is derived from another asset, such derived asset shall be applied in the books of the Company to the same Sub-fund as the assets from which it was derived and on each revaluation of an asset, the increase or diminution in value shall be applied to the relevant Sub-fund;
- iii. Where the Company or AIFM incurs a liability which relates to any asset of a particular Sub-fund or to any action taken in connection with an asset of a particular Sub-fund, such liability shall be allocated to the relevant Sub-fund;
- iv. On the record date for the determination of the person entitled to any dividend declared on Shares of any Sub-fund, the assets of such Sub-fund shall be reduced by the amount of such dividends;
- v. In the case where any asset or liability of the Company cannot be considered as being attributable to a particular Sub-fund, such asset or liability shall be allocated to all the Sub-funds pro rata to the NAVs of the relevant Sub-fund or in such other manner as determined by the Board of Directors acting in good faith.

## 11 information to investors

### 11.1 documents available for consultation

Copies of the Articles, the Prospectus and the latest annual accounts or semi-annual accounts of the Company if the latter are more recent may be delivered without cost to Shareholders and potential investors upon their request. Copies of the current versions of the following documents may be inspected free of charge by Shareholders and potential investors during usual business hours on any Luxembourg bank business day at the registered office of the Company:

- the AIFM Agreement;
- the Investment Management Agreement;
- the Global Distribution Agreement;
- the Depositary Agreement;
- the Administration Agreement; and
- a summary of the Company's voting rights policy.

### 11.2 amendments to certain documents

The Articles may be amended from time to time in accordance with the quorum and majority requirements laid down by Luxembourg law and the Articles.

The Prospectus, including the details of the Sub-funds in Part II of the Prospectus and the Investment Objective, may be amended from time to time by the Board with the prior approval of the CSSF in accordance with Luxembourg law and regulations.

### 11.3 accounts and reports

Audited annual reports shall be published within 6 months following the end of the accounting year and unaudited semi-annual reports shall be published within 3 months following the period to which they refer. In addition, monthly statements in respect of the performance of the Company shall be made available to each Shareholder. The annual report shall be prepared in accordance with generally accepted accounting principles in Luxembourg (LuxGAAP) and made available at the registered office of the Company during ordinary office hours. The Company's accounting year ends on 31 December each year. The accounts of the Company will be held in Luxembourg-City.

### 11.4 notices

All notices and notifications to Shareholders will be sent by mail and to the extent required by Luxembourg law, published in the Luxembourg official gazette (*Recueil électronique des sociétés et associations*) and one or more newspaper(s) as the Board shall determine.



## 12 competent jurisdiction and applicable law

Shareholders are legally bound by the Articles, the terms of their subscription form and the terms of this Prospectus.

The relationship between the Shareholders and the Company shall be governed and construed in all respects in accordance with the laws of the Grand Duchy of Luxembourg. Any dispute or controversy between a Shareholder and the Company shall be submitted to the exclusive jurisdiction of the District Court of Luxembourg City.

Shareholders shall note that judgments falling within the scope of Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) ("**Regulation 1215/2012**") and which are given and enforceable in a Member State shall be enforceable in another Member State without a declaration of enforceability being required, upon production of a copy of the judgment which satisfies the conditions necessary to establish its authenticity and a certificate to be issued by the court of origin.

The recognition and enforcement of such judgments may be refused by the Luxembourg court only in the event of an application for refusal of recognition or enforcement and in accordance with the specific provisions contained in Regulation 1215/2012. In particular, recognition and enforcement shall be refused if the judgment issued by the court of origin is contrary to the Luxembourg public order (*ordre public*).



## 13 risk and liquidity management

### 13.1 risk management

The AIFM has established and maintains a dedicated risk management function to identify, measure, manage and monitor on an on-going basis risks (quantitative and qualitative) relevant to each Sub-fund's Investment Objective including, in particular market, credit, liquidity, counterparty, operational and other relevant risks. In addition, the risk management function will review and if needed, provide appropriate support concerning the policies and procedures adopted for the valuation of a Sub-fund's assets.

The risk profile of each Sub-fund shall correspond to the size, portfolio structure and Investment Objective as specified for each Sub-fund in Part II.

### 13.2 SFDR

The Investment Manager believes that long-term value will be enhanced by considering ESG risk when investing, promoting ESG awareness, and improving the ESG practices of their investments. As such, the Investment Manager (as applicable) takes account of Sustainability Risks in their investment decisions on behalf of the Sub-Funds. However, none the AIFM, the Investment Manager consider the adverse impacts of investment decisions on sustainability factors within the meaning of and in the manner prescribed by the SFDR, because they are mindful that the detailed underlying rules contained in the Regulatory Technical Standards merit a thorough evaluation, including to ascertain the availability of the data set required to be reported. The Investment Manager will continue to assess their position as the underlying rules are finalised and market practice develops in this area.

### 13.3 Integration of Sustainability Risks

Before any investment decisions are made on behalf of a Sub-Fund, the Investment Manager will identify the material risks associated with the proposed investment. These risks form part of the overall investment analysis. The Investment Manager will assess the identified risks alongside other relevant factors. Following their assessment, the Investment Manager makes investment decisions having regard to the relevant Sub-Fund's investment policy and objectives, taking into account Sustainability Risks and the Investment Manager's wider policies and procedures on responsible investing.

Sustainability Risk is potentially relevant to the Sub-Funds having regard to the types of investments that may be made in accordance with each Sub-Fund's investment policy and objectives. The Sub-Funds are exposed to potential Sustainability Risk as reflected in Section 19 "Risk Factors" of the Fund's prospectus. Notwithstanding the above, it is recognised that Sustainability Risk may not be relevant to certain non-core activities undertaken in relation to a particular Sub-Fund (for example, hedging) as specified in Part II headed "The Sub-Funds".

### 13.4 Taxonomy Regulation

The Taxonomy Regulation, in summary, is a detailed law setting out technical criteria for which types of economic activity can be regarded as environmentally sustainable and mandates disclosure whether the investments underlying this financial product take into account specific EU criteria for environmentally sustainable economic activities. The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities. The Taxonomy Regulation is complex and there remains uncertainty as to how it should be applied in practice.

Nevertheless, the Investment Manager makes investment decisions having regard to the relevant Sub-Fund's investment policy and objectives, taking into account Sustainability Risks and Group's broader policies and procedures on responsible investing.

### 13.5 leverage

To the extent that a particular Sub-fund's assets consist of investments that are illiquid, the relevant Sub-fund may, if permitted by Part II of this Prospectus, incur debt solely to manage its short-term cash requirements and to satisfy redemption requests of its Shareholders without causing the early sale of certain assets of the relevant Sub-fund.

Further information on the types and sources of leverage permitted, restrictions on the use of leverage and of collateral and asset reuse arrangements, and the maximum level of leverage which the Investment Manager is entitled to employ on behalf of each of the Sub-funds is set out in Part II of this Prospectus.

In addition, for each Sub-fund which employs leverage, the annual report will disclose to Shareholders the total amount of leverage employed. The AIFM will also notify Shareholders whenever there are any material changes to the circumstances in which the Sub-funds may use leverage.

### 13.6 liquidity management

The AIFM will monitor the liquidity risk of each Sub-fund and will ensure that the liquidity profile of the investments of the relevant Sub-fund complies with its underlying obligations as well as regularly undertake stress tests which enable it to assess and monitor liquidity risks. The stress tests will be conducted at a frequency which is appropriate to the nature of the relevant Sub-fund, taking into account the investment strategy, liquidity profile, type of investor and redemption policy of the Sub-fund, and at least once a year.





## 14 calculation of the net asset value

To the extent required by and within the limits laid down under Luxembourg laws and regulations, the Net Asset Value per Share will be determined by the AIFM, in accordance with the rules set forth below, on the frequency set forth in Part II of this Prospectus with respect to each Sub-fund and at least once a month (each, a “**Valuation Date**”).

The NAV of the Sub-fund is calculated by dividing the total net assets of the Sub-fund by the number of Shares in issue in the relevant Sub-fund. The net assets of the Sub-fund are equal to the difference between the asset values of the Sub-fund and its liabilities.

The value of such assets shall be determined as follows:

- (i) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.
- (ii) Securities listed and traded primarily on one or more recognized securities exchanges shall be valued at their last known prices as reported on the consolidated tape on the date of determination (or if the date of determination is not a Business Day, on the last Business Day immediately prior to such date of determination).
- (iii) Unlisted securities for which over-the-counter market quotations are readily available (including listed securities for which the primary market is believed to be the over-the-counter market) shall be valued at a price equal to the last reported price as supplied by recognized quotation services or broker-dealers.
- (iv) Restricted equity securities will be valued at an appropriate discount (as determined by the Board of Directors in its reasonable discretion) from their public market price.
- (v) The liquidating value of futures, forward or options contracts not traded on exchanges or on other organised markets means their net liquidating value determined, pursuant to the policies established by the Board of Directors, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward or options contracts traded on exchanges or on other regulated markets are based upon the last available settlement prices of these contracts on exchanges and regulated markets on which the particular futures, forward or options contracts are traded by the Company; provided that if a futures, forward or options contract cannot be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract is such value as the Board of Directors may deem fair and reasonable.
- (vi) Interest rate swaps are valued at their market value established by reference to the applicable interest rates curves. Index and financial-instruments-related swaps are valued at their market value established by reference to the applicable index or financial instrument. The valuation of the index or financial-instrument-related swap agreement is based upon the market value of such swap transaction established in good faith pursuant to procedures established by the Board.
- (vii) Bank Loans will be valued at a price equal to the last reported price as supplied by recognized quotation services or broker-dealers. In addition, the Investment Manager will use its extensive credit experience so that all investments in Bank Loans are continuously monitored based on public and/or private economic, business and financial information to ensure the Investment Manager’s satisfaction with the credit risk of the borrower to whom the amounts related to the Bank Loan instruments were initially advanced. In some circumstances, where the Investment Manager considers that the foregoing valuation method for Bank Loans does not represent the fair value of the Bank Loans, the Investment Manager will value the Bank Loans in good faith using methods the Board of the AIFM and/or the Company considers and accepts, under their overall responsibility, appropriate to represent fair value. In any case, the Board of the AIFM and/or the Company will verify if the methods they have accepted as appropriate to represent fair value of the Bank Loans have been complied with by the Investment Manager when the latter has to value the Bank Loans in good faith.
- (viii) All other non-publicly traded securities, other securities or instruments or investments for which reliable market quotations are not available, and securities, instruments or investments which the Board of the AIFM and/or the Company determine in their discretion that the foregoing valuation methods do not fairly represent the fair value of such securities, instruments or investments, will be valued by the Board of the AIFM and/or the Company either at their cost basis to the Sub-fund or in good faith using methods they consider appropriate.

**The Board of the AIFM and/or the Company reserves the right to suspend the determination of the NAV of the Sub-fund under the circumstances set out under the Section below headed “Temporary Suspension of the Calculation of the NAV, Subscriptions and Redemptions”.**

## 15 swing pricing adjustments

The actual price obtained by a Sub-Fund when purchasing or selling assets may be higher or lower than the mid-price used in calculating the Net Asset Value of the Sub-Fund. As a result, the Net Asset Value per Share of a Sub-Fund may be diluted as a result of subscriptions for or redemptions of Shares in the Sub-Fund at a price that does not reflect the actual price obtained in

the underlying asset transactions undertaken on behalf of the Sub-Fund to accommodate the resulting inflows or outflows. This dilution can have a materially adverse effect on Shareholders.

In order to mitigate the effects of this dilution, the Company may adjust the Net Asset Value per Share upwards or downwards by a percentage estimated to reflect the actual prices and costs of the underlying transactions, up to the maximum set-forth in the Appendix I, “The Sub-Funds” for the relevant Sub-Fund (known as the “Swing Factor”), if the net aggregate transactions in Shares in the Sub-Fund on any particular Valuation Date exceed a threshold (known as the “swing threshold”) that is pre-determined for the Sub-Fund by the Board and reviewed periodically. The Board may decide at any time to increase the Swing Factor beyond the maximum level disclosed for each Sub-Fund in the relevant section in the event of exceptional market conditions or large cash flows requests. This decision will be duly justified, take into account the best interest of Shareholders and be notified to the Shareholders through the usual communication channels.

The Net Asset Value will be adjusted upwards if there are net inflows on any particular Valuation Date in excess of the swing threshold, and downwards if there are net outflows in excess of the swing threshold. Any adjustment is not intended to address the specific circumstances of any individual or set of redemptions or subscriptions, and may vary from Sub-Fund to Sub-Fund and from time to time.

The Net Asset Value will be adjusted by an amount which reflects (i) estimated fiscal charges, (ii) estimated dealing costs and (iii) estimated bid/offer spread of the underlying assets. The adjustment may be different for net inflows and net outflows to take account of peculiarities of particular markets and particular countries.

The list of Sub-Funds concerned by swing pricing, and the percentage of the Swing Factor, if any, is available upon request from the AIFM.



## 16 temporary suspension of the calculation of the nav, subscriptions and redemptions

The NAV per Share and the price for the issue and redemption of the Shares of all Sub-funds shall be calculated from time to time by the Company or any agent appointed thereto by the AIFM.

The Board of the AIFM and/or the Company may suspend the determination of the NAV per Share and the issue and redemption of Shares of any Sub-fund:

- (i) during any period when any of the principal stock exchanges or other markets on which any substantial portion of the investments of the Company attributable to such Sub-fund(s) from time to time is quoted or dealt in, or when the foreign exchange markets corresponding to the currencies in which the NAV or a considerable portion of the relevant Sub-fund's assets are denominated, is closed otherwise than for ordinary holidays, or during which dealings thereon are restricted or suspended, provided that the closing of such exchange or such restriction or suspension affects the valuation of the investments of the Sub-fund quoted thereon; or
- (ii) during the existence of any state of affairs which constitutes an emergency as a result of which disposals or valuation of assets owned by the Company would be impracticable or such disposal or valuation would be detrimental to the interests of Shareholders; or
- (iii) during any breakdown in the means of communication normally employed in determining the price or value of any of the investments of the relevant Sub-fund or the current price or values on any stock exchange in respect of the assets attributable to the Sub-fund; or
- (iv) when for any other reason the prices of any investments owned by the Company cannot be ascertained promptly or accurately; or
- (v) during any period when the Company of the Company is unable to repatriate funds for the purpose of making payments on the redemption of the Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot in the opinion of the Board be effected at normal rates of exchange; or
- (vi) upon providing a notice convening a general meeting of Shareholders for the purpose of resolving the winding-up of the Company or of any Sub-fund.

Shareholders who have made an application for subscription or redemption of Shares for which the calculation of the NAV has been suspended shall be notified.

Any such suspension for one Sub-fund will have no effect on the determination of the NAV or the subscription and redemption of Shares of any other Sub-fund.

## 17 about oaktree

Oaktree Capital Management, L.P., a Delaware limited partnership (including its affiliates, individually or collectively, as the context requires, “Oaktree”) was formed in April 1995 and is a leading global investment management firm headquartered in Los Angeles, California. As of December 31, 2019, Oaktree had over 950 employees throughout offices in 18 cities worldwide and US\$124.7 billion in assets under management (including US\$29.8 billion attributable to Oaktree’s 20% minority interest in DoubleLine Capital LP)<sup>2</sup> in assets in a wide range of investment strategies, including in distressed debt, corporate debt (including mezzanine finance, high yield debt and senior loans), control investing (including power related opportunities), real estate, convertible securities and listed equities.

Oaktree is registered with the SEC as an investment adviser under the United States Investment Advisers Act of 1940, as amended.

### 17.1 the senior executives

The current senior executives of Oaktree are Howard Marks, Bruce Karsh, Jay Wintrob, John Frank and Sheldon Stone. The original founders formed Oaktree in April 1995 after having managed funds in the high yield bond, distressed debt, private equity and convertible securities areas of TCW for approximately ten (10) years. The senior executives have led the investment of clients’ funds in the consistent, risk controlled manner called for by Oaktree’s philosophy, generally resulting in an impressive track record, reduced risk and highly satisfied clients.

### 17.2 oaktree’s ownership

Oaktree is indirectly controlled by Oaktree Capital Group, LLC (“**OCG**”), a publicly-traded company listed on the New York Stock Exchange under the ticker symbol “OAK.” and Atlas OCM Holdings LLC (“**Atlas OCM**”). As of December 31, 2019, approximately 61.3% of Oaktree’s business is owned by Brookfield and the remaining approximately 38.7% is owned by current and former Oaktree executives and employees. Brookfield’s ownership interest in Oaktree’s business is held through a separate entity, Oaktree Capital group Holdings, L.P. (“**OCGH**”). It is intended that notwithstanding the acquisition by Brookfield of a majority economic interest in Oaktree’s business, Oaktree will continue to operate as a free-standing business, will remain under its current brand and will be led by its existing management and investment teams.

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<sup>2</sup>References to “assets under management” or “AUM” represent assets managed by Oaktree and a proportionate amount (\$29.4 billion) of the AUM reported by DoubleLine Capital LP (“DoubleLine”), in which Oaktree owns a 20% minority interest. Oaktree’s methodology for calculating AUM includes (i) the net asset value (NAV) of assets managed directly by Oaktree, (ii) the leverage on which management fees are charged, (iii) undrawn capital that Oaktree is entitled to call from investors in Oaktree funds pursuant to their capital commitments, (iv) for collateralized loan obligation vehicles (“CLOs”), the aggregate par value of collateral assets and principal cash, (v) for publicly-traded business development companies (“BDCs”), gross assets (including assets acquired with leverage), net of cash, and (vi) Oaktree’s pro rata portion (20%) of the AUM reported by DoubleLine. Oaktree’s definition of AUM is not based on the definitions of AUM that may be set forth in agreements governing the investment funds, vehicles or accounts that it manages and is not calculated pursuant to regulatory definitions.



## 18 conflicts of interests

### 18.1 the aifm

The AIFM is required to take all reasonable steps to identify any conflicts of interests that arise in the course of its management of the Company between, among other things, (i) the AIFM and the Company or its Shareholders and/or (ii) the interests of one or more Shareholders and the interests of one or more other Shareholders. The AIFM has established and maintains effective organisational and administrative arrangements to identify, prevent, manage and monitor conflicts of interest in order to prevent them from adversely affecting the interests of the Company and its Shareholders.

Such procedures include, but are not limited to the following:

- preventing or controlling the exchange of information between affiliates of the AIFM,
- ensuring that any voting rights attached to the Sub-funds' assets are exercised in the sole interests of the Company and Shareholders,
- ensuring that any investment activities on behalf of the Sub-funds are executed in accordance with the highest ethical standards and in the interests of the Company and Shareholders, and
- identify, prevent, manage and monitor conflicts of interest.

### 18.2 remuneration

The Investment Manager has established a remuneration policy which shall be applicable to all identified staff members as specified in the AIFM Regulation and the ESMA Guidelines 2013/232 on sound remuneration policies under the AIFMD. Any relevant disclosures shall be made in the financial statements of the Company, if applicable, in accordance with the AIFM Law.

### 18.3 inducements

To the extent permitted by applicable law, third parties may be remunerated or compensated in monetary form for distribution activities performed in relation to the Sub-funds on terms the Company, the AIFM or the Global Distributor has agreed with such parties. Such remuneration or compensation, if applicable, is generally expressed as a percentage of the annual management fee levied on the Sub-funds calculated on the investor's average monthly holdings in the Sub-funds' Shares. With reference to their transactions, investors may receive further details of such remuneration or compensation arrangements or any amount received by or shared with such parties on request. The Investment Manager, whether it receives a service from another party or performs a service for the benefit of another party, may also receive benefits from or grant benefits to these other parties in monetary or other form (including, but not limited to, soft dollar commissions, rebates or any other advantages). Such benefits, in monetary or other form, shall be paid only if it is in the best interests of the Company, the relevant Sub-fund(s) and the Shareholders and shall be disclosed to the AIFM. The Company, the AIFM, the Global Distributor and Investment Manager take reasonable steps to ensure that such benefits are not likely to conflict with any duty that the Company, the AIFM, the Global Distributor and the Investment Manager are subject to under any relevant legal or regulatory provision.

### 18.4 overlaps of the sub-funds with other oaktree funds and accounts

The functions and duties which the AIFM, the General Partner, the Investment Manager, Oaktree and any of Oaktree's other affiliates undertake on behalf of the Company or a Sub-fund shall not be exclusive and any of them may perform similar functions and duties for others and without limitation may act as general partner, alternative investment fund manager, investment manager or investment adviser for, of or to other funds and accounts.

Oaktree and its affiliates currently manage and may in the future manage Other Oaktree Funds and that invest in, and in some cases, have priority ahead of the Sub-funds with respect to, securities or obligations eligible for purchase by the Sub-funds, which could give rise to potential conflicts of interest. While Oaktree will seek to manage such potential conflicts of interest in good faith, there may be situations in which the interests of the Sub-funds with respect to a particular investment or other matter conflict with the interests of one or more Other Oaktree Funds, Oaktree, or one or more of their respective affiliates. For example, such conflicts may arise in situations where an Other Oaktree Fund has invested in the securities of an issuer but, due to changed circumstances, the investment opportunities with respect to such issuer subsequently fall within the investment focus of a Sub-fund or where the Sub-fund makes an investment in the same portfolio issuer in which an Other Oaktree Funds has an investment at a different level of such portfolio issuer's capital structure (or *vice versa*). Such changed circumstances might include, among others: a fall in the prices of the securities of the issuer to distressed levels; a decline or improvement in the issuer's business or financial condition; workouts or other restructurings related to an issuer's capital structure; or consideration by the issuer of strategic alternatives or other fundamental changes or other factors, including macro factors, that alter the yield profile of an investment. Subject to the provisions of this Prospectus, on any matter involving a conflict of interest, Oaktree will be guided by its obligations to the investors in the Sub-funds as well as to investors in the Other Oaktree Funds and will manage such conflict in good faith and seek to ensure that the interests of the Company and all affected Other Oaktree Funds are represented. However, if necessary to resolve such conflict, Oaktree reserves the right to cause the Sub-



funds to take such steps as may be necessary to minimize or eliminate the conflict, even if (subject to applicable law) that would require the Sub-funds to (a) forego an investment opportunity or divest investments that, in the absence of such conflict, it would have made or continued to hold or (b) otherwise take action that may have the effect of benefiting an Other Oaktree Fund (or Oaktree or its affiliates) and may not be in the best interests of the Company or the investors in the Sub-funds.

A Sub-fund may share in investment opportunities presented to one or more of the Other Oaktree Funds to the extent that Oaktree in good faith deems such allocation to be prudent or equitable based on the Investment Allocation Considerations (as defined below). Likewise, one or more Other Oaktree Funds whose governing documents so permit may share in investment opportunities presented to the Sub-funds to the extent that Oaktree in good faith deems such allocation to be prudent or equitable based on the Investment Allocation Considerations. While Oaktree will seek to manage potential conflicts arising out of the potentially overlapping investment objectives of a Sub-fund and certain Other Oaktree Funds, there can be no assurance in the case of overlapping investment opportunities that the return on the Sub-fund's investment will be equivalent to or better than the returns obtained by the Other Oaktree Funds participating in such investments. The decision by Oaktree to allocate an opportunity to an Other Oaktree Fund could cause a Sub-fund to forego or limit an investment opportunity it otherwise would have made.

As a general matter and except as otherwise set forth below, as between a closed-end fund or account and an open-end fund or account (which typically does not have a limit on total size) or two or more open-end funds or accounts, each with the same investment focus, investment opportunities will generally be allocated between them based on Oaktree's reasonable assessment of the amounts available for investment by each fund, and sales of an investment will generally be allocated pro rata between them on the basis of their respective investments held (disregarding for this purpose the age of the funds or which of them is in a liquidation period). The foregoing allocations for both investments and sales may be overridden if Oaktree in good faith deems a different allocation to be prudent or equitable in light of (a) the size, nature, and type of investment or sale opportunity, (b) principles of diversification of assets, (c) the investment guidelines and limitations governing any of such funds or accounts including client instructions with respect to a specific investment and compressed ramp-up periods that are characteristic of certain investment vehicles, (d) cash availability including cash that becomes available through leverage, (e) the magnitude of the investment, (f) redemption/withdrawal requests received by such funds or accounts, (g) a determination by Oaktree that the investment or sale opportunity is inappropriate, in whole or in part, for one or more funds or accounts, (h) applicable transfer or assignment provisions, (i) proximity of a fund or account to the end of its specified term, (j) the investment focus of the funds or accounts, (k) applicable contractual obligations or (l) such other factors as Oaktree may reasonably deem relevant (all of the foregoing factors being hereinafter referred to as the "**Investment Allocation Considerations**"). In some cases, Oaktree's observation and application of the Investment Allocation Considerations may affect adversely the price paid or received by a Sub-fund, or the size of the position purchased or sold by a Sub-fund.

The classification of an investment opportunity as appropriate or inappropriate for a Sub-fund or any of the Other Oaktree Funds will be made by Oaktree, in good faith, at the time of purchase and will govern in this regard. This determination frequently will be subjective in nature. Consequently, an investment that Oaktree determined was appropriate (or more appropriate) for a Sub-fund (or that Oaktree determined was appropriate (or more appropriate) for any of the Other Oaktree Funds) may ultimately prove to have been appropriate (or more appropriate) for one of the Other Oaktree Funds (or for a Sub-fund). Furthermore, the decision as to whether a Sub-fund or any of the Other Oaktree Funds should make a particular follow-on investment, or whether the follow-on investment will be shared in the same proportion as the original investment, may differ from the decision regarding the initial purchase due to a changed determination on this issue by Oaktree. Where potential overlaps with any of the Other Oaktree Funds do exist, such opportunities will be allocated by Oaktree, in good faith, after taking into consideration the investment focus of each affected fund or account and the Investment Allocation Considerations.

The overlapping investments held by Sub-funds and the Other Oaktree Funds may give rise to conflicts of interest relating to the purchase or sale of such investments. For example, if an Other Oaktree Fund declines to purchase an investment, a Sub-fund may purchase such investment at its discretion, with the allocation going solely to the Sub-fund. In addition, if a Sub-fund determines that an investment in its portfolio should be reduced or sold in its entirety, the Other Oaktree Funds holding the same investments may not be obligated to reduce or sell (subject to certain exceptions). Similarly, if an Other Oaktree Fund decides to reduce or sell an investment that is also held by a Sub-fund, the Sub-fund will not be obligated to reduce or sell such investments.

Oaktree anticipates that a Sub-fund may make an investment in a company in which an Other Oaktree Fund holds an investment in a different class of such company's debt or equity. In such circumstances, Oaktree may have conflicting loyalties between its duties to the Sub-fund and such Other Oaktree Fund. Generally speaking, Oaktree expects that the Sub-fund will make such investments only when, at the time of investment by the Sub-fund, Oaktree believes that (a) such investment is in the best interests of the Sub-fund and (b)(i) the possibility of actual adversity between the Sub-funds and the Other Oaktree Funds, (ii) either the potential investment by a Sub-fund or the investment of such Other Oaktree Fund is not large enough to control any actions taken by the collective holders of securities of such company, or (iii) in light of the particular circumstances, Oaktree believes such investment is appropriate for the Sub-fund, notwithstanding the potential for conflict. In those circumstances where a Sub-fund and an Other Oaktree Fund hold investments in different classes of a company's debt or equity, Oaktree may also, to the fullest extent permitted by applicable law, take steps to reduce the potential for adversity between the Sub-fund and the Other Oaktree Fund, including causing the Sub-fund to take certain actions that, in the absence of such conflict, it would not take, such as (A) remaining passive in a restructuring or similar situations (including electing not to vote or voting *pro rata* with other security holders), (B) investing in the same or similar classes of securities as the Other Oaktree Fund in order to align their interests, (C) divesting investments or (D) otherwise taking an action designed to reduce adversity. Any such step could have the effect of benefiting an Other Oaktree Fund (or Oaktree) and therefore may not have been in the best interests of, and may have been



adverse to, the Fund. A similar standard generally will apply if any Other Oaktree Fund makes an investment in a company in which the Sub-fund holds an investment in a different class of such company's debt or equity securities.

To accommodate the needs of particular investors who, due to legal, tax, regulatory or internal investment policy or guideline considerations, cannot appropriately invest directly in a Sub-fund Oaktree or its affiliates may establish one or more related entities or separate accounts at any time in connection with the organisation and management of the Sub-fund. Such separate accounts or related entities may invest in securities or other investments eligible for purchase by the Sub-fund, and the allocation of investments between the Sub-fund and such related entities and separate accounts will generally be pro rata based on Oaktree's reasonable assessment of the amounts available for investment by each fund and account as described above.

Oaktree or its affiliates currently manage or may in the future manage a large number of Other Oaktree Funds and other investment strategies. In addition to the Sub-funds, the Other Oaktree Funds currently include (a) the "High Yield Bond Funds and Accounts," which are organized to invest in high yield fixed income securities and/or debt; (b) the "Convertible Funds and Accounts," which are organized to invest in convertibles consisting of bonds, debentures, notes, preferred stock or other securities convertible or exchangeable into common stock or other equity securities; (c) the "Distressed Debt Funds," which are organized to invest in debt or other obligations of distressed companies and other "stressed" companies; (d) the "Strategic Credit Funds and Accounts," which are organized to invest primarily in credit opportunities that are inefficiently priced because the company or its owners are perceived to be experiencing financial stress or are otherwise unable to efficiently access the capital markets; (e) the "Global Principal Funds" and "Special Situations Funds," which are organized primarily to obtain control or significant influence over companies that have an element of distress, dislocation or dysfunction and are believed to be undervalued; (f) the "European Principal Funds," which are organized primarily to make control and significant influence investments outside the United States, primarily in the Europe; (g) the "Asia Principal Fund," which is organized primarily to make control and significant influence investments outside the United States, primarily in Asia and the Pacific region; (h) the "Power Opportunities Funds," which are organized to make control and significant influence investments primarily in companies in the power industry and related areas that focus largely on providing equipment, software and services used in the marketing, distribution, transmission, trading or consumption of power and similar services; (i) the "Infrastructure Funds," which are organized to make investments in infrastructure opportunities, focused primarily on the energy, transportation and environmental services sectors in North America; (j) the "Emerging Markets Equity Funds and Accounts," which are organized to focus primarily on publicly traded securities in emerging markets worldwide and in developed markets in Asia and the Pacific region; (k) the "Emerging Markets Opportunities Funds and Accounts," which are organized to invest opportunistically in stressed, distressed and other value oriented investments in the emerging markets; (l) the "Emerging Markets Debt Total Return Fund and Accounts," which are organized to invest on a global basis in emerging market instruments that offer the potential for substantial total return, with a focus on credit oriented investments that Oaktree believes have a low likelihood of default; (m) the "Real Estate Opportunities Funds," which are organized to invest in real estate, real estate related debt and corporate securities, distressed mortgages and properties and other real estate related investments; (n) the "Real Estate Debt Funds and Accounts," which are organized to invest in performing real-estate related debt, including commercial mortgage-backed securities; (o) the "Real Estate Value Add Funds and Accounts," which are organized to invest in well-located, high-quality commercial real estate that generates strong current cash flows and offers the potential for appreciation through moderate leasing and repositioning strategies; (p) the "Mezzanine Funds," which are organized to invest primarily in mezzanine debt and equity investments, as well as in second lien and senior secured bank loans; (q) the "Middle Market Senior Loan Fund," which is organized to invest primarily in middle market senior loans on a leveraged basis; (r) the "Middle-Market Direct Lending Funds," which are organized primarily to invest in directly originated senior secured first lien and unitranche loans to middle-market companies in North America; (s) the "Value Opportunities Fund," which is organized primarily to invest in readily tradable distressed debt securities, distressed debt and other value-oriented investments, but which has the ability to make real estate related investments; (t) the "Value Equity Fund," which is organized to invest with a long bias on an unleveraged basis in a concentrated portfolio of stressed, post reorganization and value equities in developed markets; (u) the "Senior Loan Funds and Accounts," which are organized to invest primarily in bank loans and other senior debt obligations of companies; (v) the "Enhanced Income Funds," which are organized primarily to make investment in bank loans and other senior debt obligations of companies on a leveraged basis; and (w) the "European Private Debt Funds," which are organized primarily to invest in current cash yield instruments in the European lending market.

Because the investment focus of certain of the Other Oaktree Funds and Oaktree's other investment strategies may overlap with the investment focus of a particular Sub-fund, not all investment opportunities suitable for such Sub-fund will be allocated to the Sub-fund. In addition, there is no assurance that future developments will not create additional potential conflicts of interest. In the event that a situation arises in the future where the interests of the Sub-fund with respect to a particular investment conflict with the interests of one or more Other Oaktree Funds or Oaktree-managed investment strategies, Oaktree will in good faith seek to manage such conflicts of interest in a manner consistent with the procedures described herein.

## 18.5 conflicts relating to acquisition by brookfield asset management

On September 30, 2019, Brookfield Asset Management Inc. ("Brookfield") completed the acquisition of up to 62% of the business of Oaktree Capital Group, LLC, an indirect controlling parent of Oaktree, which together with certain related transactions results in Brookfield owning a majority economic interest in Oaktree's business. Brookfield is a leading global alternative asset manager with over \$350 billion in assets under management. It is expected that both Brookfield and Oaktree will continue to operate their respective investment businesses largely independently, with each remaining under its current brand and led by its existing management and investment teams, and Brookfield and Oaktree managing their investment



operations independently of each other pursuant to an information barrier. Specifically, Oaktree and Brookfield have agreed to post-closing governance terms under which Oaktree's current management will maintain actual control and management of Oaktree as a registered investment adviser during an initial period of up to seven years following the closing of the acquisition (or ending earlier if certain conditions are triggered). After this initial period, Brookfield will have the right to appoint a majority of Oaktree's board of directors and assume control of Oaktree's business if it chooses to do so. As a result, Oaktree and Brookfield do not believe that this acquisition constitutes an assignment of Oaktree's current portfolio management agreement with the AIFM under the Advisers Act during this initial period. The Shareholders shall be deemed to have consented to the "assignment" (as defined for purposes of Section 202(a)(1) of the Advisers Act) of the Portfolio Management Agreement as the result of any indirect transfer of control to Brookfield or its successor or Affiliates.

So long as the information barrier remains in place or there is no coordination or consultation in respect of investment decisions between Brookfield and Oaktree (in each case, as determined by the Board in its discretion based on the relevant facts and circumstances applicable to each situation), Brookfield, the funds and accounts managed by Brookfield (collectively, "Brookfield Accounts"), and their respective portfolio companies will not be treated as "Affiliates" of Oaktree or the Company for purposes of this Prospectus, nor for purposes of Oaktree's identification and management of conflicts of interest (e.g., allocation of investment opportunities, transactions or services with the Company and/or Other Oaktree Funds). For the avoidance of doubt, any investments in the same or related assets between Brookfield or its Affiliates or portfolio companies and Oaktree or its Affiliates or portfolio companies in the ordinary course of business shall not be deemed "coordination or consultation" so long as each of Brookfield and Oaktree makes an independent investment decision with respect to such assets.

There is (and in the future will continue to be) overlap in investment strategies and investments pursued by Oaktree and Brookfield. Nevertheless, Oaktree does not expect to coordinate or consult with Brookfield with respect to investment activities and/or decisions. While this absence of coordination and consultation, and the information barrier described above, will in some respects serve to mitigate conflicts of interests between Oaktree and Brookfield, these same factors also will give rise to certain conflicts and risks in connection with Brookfield's and Oaktree's investment activities, and make it more difficult to mitigate, ameliorate or avoid such situations. For example, because neither Brookfield nor Oaktree are expected to coordinate or consult with the other about investment activities and/or decisions made by the other, and neither Brookfield nor Oaktree is expected to be subject to any internal approvals over its investment activities and decisions by any person who would have knowledge and/or decision-making control of the investment decisions of the other, it is expected that Brookfield will pursue investment opportunities for Brookfield Accounts which are suitable for the Company or Other Oaktree Funds, but which are not made available to the Company or such Other Oaktree Funds. Brookfield and the Company may also compete for the same investment opportunities. Such competition may adversely impact the purchase price of investments. Brookfield will have no obligation to, and generally will not, share investment opportunities that may be suitable for the Company with Oaktree, and Oaktree and the Company will have no rights with respect to any such opportunities. In addition, Brookfield will not be restricted from forming or establishing new Brookfield Accounts, such as additional funds or successor funds, some of which may directly compete with the Company for investment opportunities. Any such Brookfield fund or other Brookfield Account will be permitted to make investments of the type that are suitable for the Company without the consent of the Company or Oaktree. The Company and Brookfield Accounts may purchase or sell an investment from each other. Brookfield and Oaktree will seek to ensure that any such transaction is executed on an arm's length basis and subject to approvals, if any, that may be required from a regulatory or other perspective. In addition, from time to time Brookfield Accounts are expected to hold an interest in an investment (or potential investment), or subsequently purchase (or sell) an interest in an investment. In such situations, Brookfield Accounts could benefit from the Company's activities. Conversely, the Company could be adversely impacted by Brookfield's activities. In addition, as a result of different investment objectives and views, it is expected that Brookfield will manage certain of its funds' interests in a way that is different from the Company (including, for example, by investing in different portions of an issuer's capital structure, short selling securities, voting securities in a different manner, and/or selling its interests at different times than the Company), which could adversely impact the Company's interests. Brookfield and its affiliates are also expected to take positions, give advice and provide recommendations that are different, and potentially contrary to those which are taken by, given to or provided to the Company, and hold interests that potentially are adverse to those of the Company. The Company and any such Brookfield Account will have divergent interests, including the possibility that the interest of the Company is subordinated to or otherwise adversely affected by virtue of such Brookfield Account's involvement and actions related to the applicable investment, which could adversely impact the Company's interests.

Brookfield and Oaktree are likely to be deemed to be affiliates for purposes of certain laws and regulations, notwithstanding their operational independence and information barrier. As such, Brookfield and Oaktree likely will need to aggregate certain investment holdings, including holdings of the Company, for certain securities law purposes (including securities law reporting, short-swing transactions and time or volume restrictions under Rule 144) and other regulatory purposes (including (i) public utility companies and public utility holding companies; (ii) bank holding companies; (iii) owners of broadcast licenses, airlines, railroads, water carriers and trucking concerns; (iv) casinos and gaming businesses; and (v) public service companies (such as those providing gas, electric or telephone services)). Consequently, Brookfield's activities could result in earlier disclosure of the Company's investments and restrictions on transactions by the Company, affect the prices of the Company's investments or the ability of the Company to dispose of its investments, subject the Company to penalties or other regulatory remedy (including disgorgement of profits), or otherwise create conflicts of interests for the Company. In conducting any of the activities described herein, Brookfield will be acting for its own account or on behalf of Brookfield Accounts and act in its or their own interest, without regard to the interests of the Company.

The potential conflicts of interest described herein may be magnified as a result of the lack of information sharing and coordination between Brookfield and Oaktree. The Company's investment team is not expected to be aware of, and will not



have the ability to manage, such conflicts. This will be the case even if it is aware of Brookfield's investment activities through public information.

Brookfield and Oaktree may decide at any time, and without notice to Shareholders, to remove or modify the information barrier between Brookfield and Oaktree. In the event that the information barrier is removed or modified, it would be expected that Brookfield and Oaktree will adopt certain protocols designed to address potential conflicts and other considerations relating to the management of their investment activities in a different framework.

Breaches (including inadvertent breaches) of the information barrier and related internal controls by Brookfield and/or Oaktree could result in significant consequences to Oaktree (and Brookfield) as well as have a significant adverse impact on the Company, including (among others) potential regulatory investigations and claims for securities laws violations in connection with the Company's investment activities. These events could have adverse effects on Oaktree's reputation, result in the imposition of regulatory or financial sanctions, negatively impact Oaktree's ability to provide investment management services to the Company, and result in negative financial impact to the Company's investments.

Brookfield will not have any obligation or other duty to make available for the benefit of the Company any information regarding the activities, strategies or views of Brookfield or any Brookfield Accounts. Furthermore, to the extent that the information barrier is removed or otherwise ineffective and Oaktree has the ability to access analysis, models and/or information developed by Brookfield and its personnel, Oaktree will not be under any obligation or other duty to access such information or effect transactions on behalf of the Company or any Other Oaktree Fund in accordance with such analysis and models, and in fact may be restricted by securities laws from doing so. The Company may make investment decisions that differ from those it would have made if Oaktree or the Board had pursued such information, which may be disadvantageous to the Company.

Brookfield or an affiliate thereof may be retained by Oaktree to provide a variety of different non-investment management services to the Company or its portfolio companies that would otherwise be provided by an independent third-party. Such persons may provide such services at different rates than those charged to the Company or its affiliates than it will charge to the Brookfield funds. While Oaktree will determine in good faith what rates and expenses it believes are acceptable for the services being provided to the Company, there can be no assurances that the rates and expenses charged to the Company will not be greater than those that would be charged in alternative circumstances. In addition, Oaktree may be retained by Brookfield or a portfolio company thereof to perform services that it also provides to the Company. The rates charged by Oaktree for such services to Brookfield are expected to be different than those charged to the Company, and the rates charged to Brookfield may be less than the rates charged to the Company.

These conflicts do not purport to be a complete list or explanation of all actual or potential conflicts that may arise as a result of the Oaktree acquisition by Brookfield, and additional conflicts not yet known by Brookfield or Oaktree may arise in the future and that conflicts will not necessarily be resolved in favor of the Company's interests. Because of the extensive scope of both Brookfield's and Oaktree's activities and the complexities involved in combining certain aspects of existing businesses, the policies and procedures to identify and resolve such conflicts of interest will continue to be developed over time.

## 19 risk factors

*An investment in any Sub-fund established by the Company is speculative and involves substantial risks, including but not limited to those described below. There can be no assurance that the Sub-fund's investment objectives will be achieved or that there will be any return of capital, and investment results may vary substantially between periods. The Shares are a potentially suitable investment only for sophisticated investors for whom an investment in a Sub-fund does not represent a complete investment program and who, in consultation with their own investment and tax advisers, fully understand and are capable of assuming the risks of an investment in the Shares.*

### 19.1 general

Each Sub-fund established by the Company will invest in a number of securities and obligations that entail substantial inherent risks, including highly volatile and speculative securities and obligations that may result in substantial losses to such Sub-fund. Although the Company will attempt to manage these risks through careful research and on-going monitoring of investments, there can be no assurance that the securities and other instruments purchased by the Sub-fund will increase in value or that the Sub-fund will not incur significant losses. Furthermore, the nature of the Sub-fund's investments potentially may result in the Sub-fund incurring significant fees and expenses, such as legal, financial, advisory and consulting fees and expenses.

All investments made by the Company risk the loss of capital. No guarantee or representation is made that a particular Sub-fund's investment program will be successful, that the Sub-fund will achieve its investment objective or that there will be any return of capital invested to Shareholders, and investment results may vary substantially over time.

Prospective investors should carefully consider the risks involved in an investment in the Company, including those discussed below. The following does not intend to describe all possible risks of an investment in a Sub-fund established by the Company. In addition, different or new risks not addressed below may arise in the future. Any such risk could have a material adverse effect on investors. Each investor in the Sub-fund who is subject to fiduciary obligations will be asked to represent that its investment in the Sub-fund is being made by it as a fiduciary. In addition, all investors will be asked to represent that they are investing in reliance on their own tax, legal, and financial advisers and not on any advice or recommendation of the Company, the AIFM or Oaktree.

### 19.2 broad discretionary power to choose investments and strategies

The Investment Manager has broad discretionary power to decide what investments a Sub-fund will make and what strategies it will use. While the Investment Manager currently intends to use the strategies described herein, they are not obligated to do so except as set forth in the sections headed "Permitted Investments" and "Investment Restrictions" in Part II for each Sub-fund and Annex A, and the Sub-fund may employ other investment techniques and invest in other instruments that the Investment Manager believes will help achieve the Sub-fund's Investment Objective, whether or not such investment techniques or instruments are specifically described herein. Consistent with its investment objective, the Sub-fund may invest in financial instruments of any and all types which exist now or are hereafter created. Such investments may entail risks not described in this Prospectus.

### 19.3 unspecified use of proceeds

The proceeds of the offering of the Shares in any Sub-fund will be used to make investments that, as at the date of this Prospectus, have not been selected by the Investment Manager, and Shareholders will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding investments by the Sub-fund. No assurance can be given that the Sub-fund will be successful in obtaining suitable investments or that, if the investments are made, the objectives of the Sub-fund will be achieved.

### 19.4 investment environment

Many factors affect the appeal and availability of investments in companies and the securities that are the focus of the Sub-funds. The activities of a Sub-fund and its investments could be materially adversely affected by the instability in the European, U.S. or global financial markets, or changes in market, economic, political or regulatory conditions, as well as by numerous other factors outside the control of the Company, AIFM, and Oaktree. Interest rates and general levels of economic activity may affect the value and number of investments made by the Sub-fund or considered for prospective investment. In addition, recent and current disruptions in the global debt markets have affected the price of, as well as the ability to make, certain types of investments, and there can be no assurance that these disruptions will not continue or worsen in the future. Specifically, events in the sub-prime mortgage market and other areas of the credit markets have caused significant dislocations, illiquidity and volatility in the structured credit, leveraged loan and high-yield bond markets, as well as in the wider global financial markets. Such disruptions may have a direct or indirect negative effect on a wide range of issuers and may increase the likelihood that such issuers will be unable to make principal and interest payments on, or refinance, outstanding debt when due. Moreover, the risk that such disruption will affect an issuer's ability to pay its debts and obligations when due is enhanced if such issuer in turn provides credit to third parties or otherwise participates in the credit markets. In the event of such defaults, the Sub-fund could lose both invested capital in, and anticipated profits from, any affected investments. In addition, developments in the European, U.S. and global financial markets have illustrated that the

current environment is one of uncertainty for financial services companies. The existence of such events has had, and the continuation or worsening of any such events, or other similar or dissimilar events, may have or continue to have, a material adverse effect on the availability of credit to businesses generally and may lead to further overall weakening of the European, U.S. and global economies.

### 19.5 Sustainability Risk

While Sustainability Risks are only some of the many factors the Investment Manager will consider in making an investment, there is no guarantee that the Investment Manager will (a) implement or make investments that create positive sustainability impact while it seeks to enhance long-term shareholder value and achieving financial returns and/or (b) will successfully identify and mitigate all material sustainability risks. To the extent that the Investment Manager engages with underlying investments on sustainability-related practices, potential enhancements and risk mitigants, such steps may not achieve the desired financial results, or the market or society may not view any such changes as desirable. Successful engagement on the part of the Investment Manager will depend on their skill in properly identifying and analysing material sustainability and other factors (which may involve qualitative and subjective judgements) and their related value, and there can be no assurance that the strategy or techniques employed will be successful. Considering sustainability qualities when evaluating an investment may result in the selection or exclusion of certain investments based on the Investment Managers' view of certain sustainability-related and other factors and carries the risk that the relevant Sub-Fund may underperform compared to other funds that do not take sustainability-related factors into account. In assessing a particular investment, the Investment Manager may be dependent upon information and data obtained through third parties that may be incomplete, inaccurate or unavailable. Such data gaps could result in the incorrect assessment of a sustainability practice and/or related sustainability risks and opportunities. Sustainability-related practices differ by region, industry and issue and are evolving accordingly, and an investment's sustainability-related practices or the Investment Manager's assessment of such practices may change over time. Similarly, new sustainability requirements imposed by jurisdictions in which the Investment Manager does business and/or in which the relevant Sub-Fund is marketed may result in additional compliance costs, disclosure obligations or other implications or restrictions on the Sub-Fund or on the Investment Manager. Under such requirements, the Investment Managers may be required to classify themselves or the relevant Sub-Fund against certain criteria, some of which can be open to subjective interpretation. The Investment Manager's view on the appropriate classification may develop over time, including in response to statutory or regulatory guidance or changes in industry approach to classification. A change to the relevant classification may require further actions to be taken, for example it may require further disclosures by the Investment Manager or the Sub-Fund or it may require new processes to be set up to capture data about the Sub-Fund or its investments, which may lead to additional cost.

### 19.6 current market conditions and governmental actions

Since September 2008, world financial markets have experienced extraordinary market conditions, including, among other things, bank failures, extreme losses and volatility in securities markets and the failure of credit markets to function. In reaction to these events, regulators and monetary authorities in the United States and several other countries undertook unprecedented regulatory and monetary actions, and regulators in the United States and abroad continue to consider and implement measures to stabilize the European, U.S. and global financial markets. However, despite these efforts, the European, U.S. and global financial markets remain volatile. For example, Standard & Poor's downgraded the debt rating of the United States in the beginning of August 2011, from AAA to AA+, and austerity measures have been introduced in a number of European countries in response to sovereign debt downgrades and concerns about the financial stability of banking institutions. It is uncertain whether regulatory actions will be able to prevent further losses and volatility in securities markets, or stimulate the credit markets. The Sub-funds may be adversely affected by the foregoing events, or by similar or other events in the future. In the longer term, there may be significant new regulations that could limit the Sub-fund's activities and investment opportunities or change the functioning of the capital markets, and there is the possibility of continued severe worldwide economic downturn. Consequently, the Sub-fund may not be capable of, or successful at, preserving the value of its assets, generating positive investment returns or effectively managing risks.

### 19.7 coronavirus and public health emergencies and other geopolitical risks

An unstable geopolitical climate and continued threats of terrorism could have a material adverse effect on general economic conditions, market conditions and market liquidity. Additionally, a serious pandemic or a natural disaster could severely disrupt global, national and/or regional economies. No assurance can be given as to the effect of these events on the value of the Company and its Sub-Funds' investments.

Without limiting the foregoing, as of March 2020, there is an outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a pandemic. 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. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues for unknown durations. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, oil-related, hospitality, tourism, entertainment and other industries. While governmental agencies and private sector participants seek to mitigate the adverse



effects of COVID-19 with such measures, the timing and efficacy of such measures is uncertain. 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 the continued spread of COVID-19 or any outbreak of other existing or new epidemic or pandemic diseases, or the threat thereof, could have a significant adverse impact on the Company and its Sub-Funds, their investments, and could adversely affect the Fund's ability to fulfill their investment objectives.

The extent of the impact of any public health emergency on the Company and its Sub-Funds' operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the scale and efficacy of government stimulus measures, 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 (a) the value and performance of the Sub-Funds' investments or (b) the Sub-Funds' ability to source, manage and divest investments and the Sub-Funds' ability to achieve their investment objectives, all of which could result in significant losses to the Sub-Funds. The foregoing market conditions may cause the Sub-Funds to write down assets materially as the fair market value of their investments may be reduced in light of a potential or actual economic decline or recession, decline in or lack of consumer confidence or uncertain and volatile market conditions that are difficult to assess or predict. In addition, the operations of the Sub-Funds and Oaktree may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel.

## 19.8 the european union

There is a heightened risk of market instability and legal and regulatory change following the UK's vote to leave the European Union in the UK referendum that took place on 23 June 2016 and the UK Government's invocation of article 50 of the Lisbon Treaty relating to withdrawal on 29 March 2017. The withdrawal agreement which set the terms of the withdrawal of the UK from the European Union was approved by the UK Parliament on 23 January 2020 and ratified by the European Parliament on 29 January 2020. The UK left the European Union on 31 January 2020 with a period of transition ending on 31 December 2020. During this period, most EU rules and regulations will continue to apply to the UK and negotiations in relation to a free trade agreement will commence. The transition period may, before 1 July 2020, be extended once by up to two years.

The effects on the UK, European and global economies of the exit of the UK (and/or other European Union Member States) from the EU, or the exit of one or more European Union Member States from the European Monetary Area and/or the redenomination of financial instruments from the Euro to a different currency, are impossible to predict and protect fully against in view of: (i) economic and financial instability in the UK and in EU Member States, (ii) the severity of the recent global financial crisis, (iii) difficulties in predicting whether the current signs of recovery will be sustained and at what rate, (iv) the uncertain legal position, (v) the impact of macro geopolitical considerations including concurrent EU trade negotiations with other non-EU states and heightened flows of displaced persons from outside the EU, (vi) the difficulty in predicting the approach of other EU member states to negotiation of the UK withdrawal from the EU and the establishment of a legal framework for on-going relations, and (vii) the fact that many of the risks related to the business are totally, or in part, outside of the AIFM's control. However, any such event may result in: (a) significant market dislocation, (b) heightened counterparty risk, (c) an adverse effect on the management of market risk and, in particular, asset and liability management due, in part, to redenomination of financial assets and liabilities, (d) a material adverse effect on the ability of the AIFM, or of any person or entity to which, under the AIFM's control and responsibility, all or part of its duties and powers have been delegated, to market, raise capital for, manage and operate the Company, and (e) increased legal, regulatory or compliance burden for the AIFM and/or the Company, each of which may have a material adverse effect on the operations, financial condition, returns, or prospects of the Company and/or the AIFM in general. Any adverse changes affecting the economies of the countries in which the Company conducts its business (including making investments) and any further deterioration in global macro-economic conditions could have a material adverse effect on the Company's prospects and/or returns.

## 19.9 foreign account tax compliance act

FATCA is designed to compel reporting to the U.S. Internal Revenue Service (the "IRS") of U.S. persons' direct and indirect ownership of certain non-U.S. entities and certain accounts of foreign financial institutions ("FFIs"). For this purpose, "accounts" include equity interests in an FFI, such as Shares. The FATCA rules compel reporting to the IRS through the imposition of a new 30% withholding tax. However, the FATCA rules as currently written generally do not impose withholding tax on (a) non-U.S. persons that are not FFIs that appropriately establish that they are not U.S. persons, or in the case of non-U.S. entities, that establish that they do not have substantial U.S. owners or (b) FFIs that enter into an agreement (an "FFI Agreement") with the IRS ("participating FFIs"). Further guidance may significantly modify these rules as they apply to the Company, its subsidiaries and the holders.

The new 30% withholding tax is generally imposed on payments of certain U.S. source income (including interests and dividends) and gross proceeds from the sale or disposition of property that can produce U.S. source interest or dividends ("withholdable payments") to FFIs that are not participating FFIs and to other recipients that do not verify their status under the FATCA rules. Under the FATCA rules, withholdable payments that are made to the Company generally will be subject to the

30% FATCA withholding tax rules unless, as expected, the Company enters into an FFI Agreement. The IRS has announced that it will phase in the application of the withholding rules related to withholdable payments beginning July 1, 2014. Pursuant to the Company's FFI Agreement, the Company would agree to report to the IRS certain information about the ownership of Shares and comply with certain verification, due diligence and other procedures to be established by the IRS, including a requirement to seek waivers of any non-U.S. laws that would prevent the reporting of such information. Although the Company expects that it will apply to enter into an FFI Agreement, there is no guarantee that the Company will be able to satisfy the conditions for entering into and complying with an FFI Agreement. If the Company is unable to enter into or maintain in effect an FFI Agreement, the FATCA withholding imposed on payments of income and gross proceeds to the Company would not be refundable and may have a material adverse effect on the value of certain classes of Shares. In lieu of entering into an FFI Agreement, the Company may be eligible to report the information required under FATCA to the Luxembourg tax authorities pursuant to an intergovernmental agreement.

The FATCA rules also impose a 30% withholding tax with respect to certain payments made by participating FFIs that are attributable to withholdable payments ("foreign passthru payments"). As a result, foreign passthru payments that the Company receives will be subject to withholding unless the Company enters into an FFI Agreement or is subject to an intergovernmental agreement. The proposed regulations do not define or provide precise rules for withholding on foreign passthru payments and state that withholding on foreign passthru payments will not be required earlier than January 1, 2017, but further guidance is anticipated.

Even if the Company is subject to an FFI Agreement or an intergovernmental agreement, a Shareholder's share of withholdable payments and foreign passthru payments (whether or not distributed) will be subject to a 30% withholding tax (a) if the Shareholder fails to provide information or take other actions required for the Company to comply with the FFI Agreement or terms of an intergovernmental agreement or (b) if the Shareholder is an FFI, unless the Shareholder is subject to an FFI Agreement or intergovernmental agreement or otherwise establishes that an exemption applies. The Company is entitled to compulsorily redeem all or a portion of any Shares held by a Shareholder if the continued participation of such Shareholder may cause the Company to be out of compliance with the FFI Agreement or intergovernmental agreement or may otherwise cause the Company or the other Shareholders to be subject to withholding under FATCA, such Shareholder fails to provide any information requested by the Company for the purpose of FATCA compliance or to the extent necessary to ensure that the cost of any withholding required with respect to or as a result of such Shareholder under FATCA is borne solely by such Shareholder.

### 19.10 oecd action plan on base erosion and profit shifting ("beps")

In October 2015, the Organisation for Economic Co-operation and Development published its final reports in relation to BEPS, which were intended to address perceived flaws in international tax rules. The reports cover 15 different areas, or "Actions". These reports make recommendations that, if adopted in full, could impact the tax treatment of various entities in the fund structure. The manner in which these recommendations will be adopted by particular jurisdictions continues to evolve and there remains significant uncertainty about the full impact. There have, however, been a number of key developments since the publication of the BEPS reports.

Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market ("ATAD") introduced a set of measures aimed at combating aggressive tax planning (and which implement several of the BEPS proposals into the domestic law of EU Member States), including notably a general anti-abuse clause, controlled foreign company rules as well as an interest limitation rule.

ATAD was subsequently amended and expanded by Council Directive (EU) 2017/952 of 29 May 2017 ("ATAD 2"), which replaces and extends the rules on hybrid mismatches. EU Member States were required to transpose ATAD 2 into domestic law by 31 December 2019 and apply the provisions from 1 January 2020 (or from 2022 with respect to certain rules relating to reverse hybrid mismatches). ATAD 2 was adopted into law in Luxembourg on 20 December 2019 (the "ATAD 2 Law").

ATAD 2 covers hybrid mismatches resulting from differences in the characterisation of a financial instrument or an entity and only applies where there is either associated enterprises or a structure arrangement (as defined under the ATAD 2 Law). In particular, the ATAD 2 anti-hybrid rules may, amongst other things, impact the deductibility of interest at various levels of fund structure in a number of circumstances, including in particular where (i) a payment under a financial instrument is not included in the Investor's tax base and this mismatch outcome is attributable to differences in the characterisation of the financial instrument or the payment made under it in the payee and payer jurisdictions respectively, (ii) a payment to an entity gives rise to a deduction at the level of the payer company without inclusion in the Investor's tax base and such outcome is the result of differences in the allocation of payments to the payee entity under the laws of the jurisdiction where the payee entity is established or registered and the jurisdiction of any person with a participation in that payee entity, and (iii) when the same payment is deducted for tax purposes in two different countries.

In addition, ATAD 2 covers reverse hybrid mismatches which arise where the presence of an entity which is treated as tax transparent in its country of incorporation but as non-transparent (and therefore taxable) in the country of residence of its partners leads to the non-taxation of a payment in both jurisdictions. Collective investment vehicles (*organismes de placement collectif*) (as defined in the ATAD 2 Law) are excluded from the scope of the reverse hybrid mismatch rules.

BEPS, ATAD and ATAD 2 could impact the on-going taxation of various entities in the fund structure, which may adversely affect the return on investments received by Investors.



On 7 June 2017, 68 countries, including Luxembourg, signed the Multilateral Convention to implement tax treaty related measures to prevent BEPS (the “MLI”). The MLI provides a mechanism for amending the terms of the existing bilateral tax treaties that have been entered into by the signatories to the MLI by allowing the signatories to select from various optional amending provisions in the MLI. To the extent that two signatories to the MLI agree that particular options should apply to their bilateral tax treaty, then the MLI effectively provides for the tax treaty to be amended to incorporate these agreed provisions from the date on which the MLI comes into force in the relevant jurisdictions.

The MLI is (among other things) intended to give effect to Action 6, which was to prevent treaty abuse by developing model double tax treaty provisions to prevent the granting of treaty benefits in inappropriate circumstances. The report on Action 6 proposed that all treaties should include one or both of two different types of rule intended to achieve this: either (i) a formulaic “limitation on benefits” rule that sets out a series of criteria that must be satisfied by a person to demonstrate that it has sufficient connection with its home jurisdiction in order to be entitled to claim the benefit of the treaty; or (ii) a more subjective “principal purpose test” that denies treaty benefits if one of the main purposes of the transaction or arrangements is to obtain those benefits, unless granting the benefits would be in accordance with the object and purpose of the treaty. The majority of the countries that signed the MLI, including Luxembourg, have chosen to adopt the principal purpose test rather than the limitation on benefits test.

The availability of treaty benefits may be important to help minimise tax leakage arising on the extraction of profits from investments and holding entities established in certain jurisdictions. If either of these types of rule (or both) are included in the treaty between the home jurisdiction of an intermediate holding entity and the jurisdiction of the investments, including as a result of the MLI, once that comes into force, then it could impact the ability of the intermediate holding entity to access those treaty benefits. This and certain of the other recommendations in the final reports could potentially give rise to additional tax costs in the holding structure below the fund that it may not be possible to mitigate.

Luxembourg ratified the MLI through the law of 7 March 2019 and deposited its instrument of ratification with the Organisation for Economic Co-operation and Development on 9 April 2019. Its application per tax treaty concluded by Luxembourg will depend on the ratification of the MLI by the other contracting state of the tax treaty concerned and on the type of tax concerned.

### 19.11 institutional risk

The institutions, including brokerage firms and banks, with which a Sub-fund directly or indirectly will do business (including swap counterparties), or to which securities will be entrusted for custodial and prime brokerage purposes, may encounter financial difficulties, fail or otherwise become unable to meet their obligations and may become subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on the activities and operations of the Sub-fund. Prime brokers engaged by the Sub-fund may experience financial difficulties, and therefore, the Sub-fund might be exposed to similar or other financial problems resulting from the insolvency or financial difficulties of one or more of the Sub-fund’s prime brokers.

### 19.12 counterparty, settlement and local intermediary risk

From time to time, certain securities markets have experienced operational clearance and settlement problems that have resulted in failed trades. These problems could cause a Sub-fund to miss attractive investment opportunities or result in the Sub-fund’s liability to third parties by virtue of an inability to perform the Sub-fund’s contractual obligation to deliver securities.

In addition, delays and inefficiencies of the local postal, transport and banking systems could result in the loss of investment opportunities, the loss of funds (including dividends) and exposure to currency fluctuations. To the extent that a Sub-fund invests in securities, swaps, derivatives or other over-the-counter transactions, in certain circumstances, the Sub-fund may take a credit risk with regard to parties with whom it trades and may also bear the risk of transfer, clearance or settlement default. Transactions entered into directly between two counterparties may expose the parties to the risk of counterparty defaults. Such risks may be exacerbated with respect to foreign securities or transactions with foreign counterparties. It is expected, but in no way assured, that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Sub-fund and hence the Sub-fund should not be exposed to credit risk with regard to such parties. Certain of the Sub-fund’s transactions may be undertaken through local brokers, banks or other organizations in the countries in which the Sub-fund makes investments, and the Sub-fund will be subject to the risk of default, insolvency or fraud of such organizations. The collection, transfer and deposit of bearer securities and cash expose the Sub-fund to a variety of risks, including theft, loss and destruction. Finally, the Sub-fund will be dependent upon the general soundness of the banking systems of countries in which investments will be made.

### 19.13 potential for insufficient investment opportunities

The Investment Manager may not be able to identify and obtain a sufficient number of investment opportunities to invest the full amount of capital that may be committed to a particular Sub-fund. Even if sufficient investment opportunities are identified, they may be allocated first to Other Oaktree Funds. (See “Conflicts of Interest” and “Overlaps with Other Oaktree Funds and Accounts” above.)



### 19.14 competition for investment opportunities

The Company operates in a highly competitive market for investment opportunities. The Sub-funds will compete for investments with various other investors – such as other public and private funds, commercial and investment banks and commercial finance companies. Other funds may have investment objectives that overlap with the Sub-funds, which may create competition for investment opportunities. Some competitors may have a lower cost of funds and access to funding sources that are not available to the Sub-funds, and may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships. The competitive pressures could impair the Company's business, financial condition and results of operations. As a result of this competition, the Company may not be able to take advantage of attractive investment opportunities.

### 19.15 potential lack of diversification

Except as set forth in the sections titled "Permitted Investments" and "Investment Restrictions" in Part II for each Sub-fund and in Annex A, the Investment Manager is not under any other obligation to diversify a Sub-fund's investments, whether by reference to the amount invested or the industries or geographical areas in which portfolio companies operate. Accordingly, the investment portfolio of a Sub-fund may be subject to more rapid changes in value than would be the case if the Sub-fund were required to maintain a wide diversification among companies, industries and types of securities. Unfavorable performance by any number of investments could substantially adversely affect the aggregate returns realized by investors in the Sub-fund.

### 19.16 passive investment; dependence on managers

The Shares are generally passive investments. Shareholders are precluded from participating in the Company's management and must rely on the Board, AIFM and the Investment Manager to manage and conduct the affairs of the Company. The success of a Sub-fund's investment strategy will be dependent upon the management, skill and acumen of Oaktree and its personnel. Subjective decisions made by Oaktree may cause the Sub-funds to incur losses or to miss profit opportunities on which they would otherwise have capitalized. There can be no assurance that the current members of the investment management team for the Sub-fund will remain employed by Oaktree.

### 19.17 bank loans and participations; nature of debt securities; lender risks

A Sub-fund's investment program may include investments in significant amounts of bank loans and participations, as well as other direct lending transactions. These obligations are subject to unique risks, including (a) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (b) so-called lender-liability claims by the issuer of the obligations, (c) environmental liabilities that may arise with respect to collateral securing the obligations and (d) limitations on the ability of the Sub-fund to enforce directly its rights with respect to participations.

If the Sub-fund purchases a participation, it will not have established any direct contractual relationship with the borrower. The Sub-fund will be required to rely on the lender or the participant that sold the participation not only for the enforcement of the Sub-fund's rights against the borrower but also for the receipt and processing of payments due to the Sub-fund under the participation. The Sub-fund will thus be subject to the credit risk of both the borrower and the selling lender or participant. Because it may be necessary to assert through the selling lender or participant such rights as may exist against the borrower, in the event the borrower fails to pay principal and interest when due, such assertion of rights against the borrower may be subject to delays, expenses and risks that are greater than those that would be involved if the Sub-fund could enforce its rights against the borrower directly.

### 19.18 leverage of issuers

The issuers of securities in which a Sub-fund may invest are likely to be highly leveraged. As such, a borrower's leverage may adversely impact the relevant Sub-fund in a number of ways, such as creating a greater possibility of default or bankruptcy of the issuer. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio company or its industry. Furthermore, the securities acquired by a Sub-fund may be the most junior in what will typically be a complex capital structure, and thus subject to the greatest risk of loss. It is also possible that the pledging of collateral (if any) to secure the securities could be found to constitute a fraudulent conveyance or preferential transfer which would be nullified or subordinated to the rights of other creditors of the issuer under applicable law.

### 19.19 nature of bankruptcy proceedings

A Sub-fund may make investments that could require substantial workout negotiations or restructuring in the event of a default or bankruptcy. There are a number of significant risks when investing in companies involved in bankruptcy proceedings, including the following: First, many events in a bankruptcy are the product of contested matters and adversary proceedings that are beyond the control of the creditors. Second, a bankruptcy filing may have adverse and permanent effects on a company.

For instance, the company may lose its market position and key employees and otherwise become incapable of restoring itself as a viable entity. Further, if the proceeding is converted to a liquidation, the liquidation value of the company may not equal the liquidation value that was believed to exist at the time of the investment. Third, the duration of a bankruptcy proceeding is difficult to predict. A creditor's return on investment can be impacted adversely by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court, and until it ultimately becomes effective. Fourth, certain claims, such as claims for taxes, wages and certain trade claims, may have priority by law over the claims of certain creditors. Fifth, the administrative costs in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor's estate prior to any return to creditors. Sixth, creditors can lose their ranking and priority in a variety of circumstances, including if they exercise "domination and control" over a debtor and other creditors can demonstrate that they have been harmed by such actions. Seventh, a Sub-fund may seek representation on creditors' committees and as a member of a creditors' committee it may owe certain obligations generally to all creditors similarly situated that the committee represents and it may be subject to various trading or confidentiality restrictions. If an Investment Manager concludes that a Sub-fund's membership on a creditors' committee entails obligations or restrictions that conflict with the duties it owes to the Shareholders in the Sub-funds, or that otherwise outweigh the advantages of such membership, such Sub-fund will not seek membership in, or will resign from, that committee. Because a Sub-fund will indemnify the Investment Managers, or any other person serving on a committee on behalf of such Sub-fund for claims arising from breaches of those obligations, indemnification payments could adversely affect the return on such Sub-fund's investment in a company undergoing a reorganization.

### 19.20 debt ratings

Ratings assigned by Moody's and/or S&P to securities acquired by a particular Sub-fund reflect only the views of those agencies. Explanations of the significance of ratings should be obtained from Moody's and S&P. No assurance can be given that ratings assigned will not be withdrawn or revised downward if, in the view of Moody's or S&P, circumstances so warrant.

### 19.21 obligations of good faith to the borrower

In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors. The Company may be subject to potential allegations of lender liability. In addition, courts have in some cases applied the doctrine of equitable subordination to subordinate the claim of a lending institution against a borrower to claims of other creditors of the borrower when the lending institution is found to have engaged in unfair, inequitable or fraudulent conduct.

### 19.22 issuer's representations

A concern in investments in debt securities is the possibility of material misrepresentation or omission on the part of the issuer. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying such securities or may adversely affect the ability of a Sub-fund to perfect or effectuate a lien on the collateral securing the loan. The Sub-fund will rely upon the accuracy and completeness of representations made by issuers and their agents to the extent reasonable when it makes its investments, but cannot guarantee such accuracy or completeness.

### 19.23 equity securities

All equity investments involve market and other risks. In addition, to the extent that a Sub-fund invests in equity securities, the relevant Sub-fund may have higher levels of risk and volatility compared to other investment strategies. A primary risk is that the value of the equity securities they hold may decrease in response to the activities of an individual company or in response to general market, business and economic conditions. If this occurs, the Sub-funds' Share price will also decrease.

### 19.24 risks of non-controlling investments

The Sub-funds are not expected to make investments that result in control of, or significant influence over a company. As a result, the Sub-funds may have a more limited ability to protect its investment in portfolio companies than if it held a controlling interest or position of significant influence.

### 19.25 derivatives generally

A Sub-fund may invest in certain kinds of derivative instruments from time to time. Investing in derivative instruments presents various risks, including lack of liquidity and risks of purchasing outside of an exchange. In volatile markets, the Sub-fund may not be able to close out a position without incurring a loss. The prices of derivative instruments, including swaps, futures, forwards and options, are highly volatile and such instruments may subject the Sub-fund to significant losses. The value of such derivatives also depends upon the price of the underlying index, instrument or commodity. Such derivatives and other customized instruments also are subject to the risk of non-performance by the relevant counterparty. In addition, actual or





implied daily limits on price fluctuations and speculative position limits on the exchanges or over-the counter markets in which the Sub-fund may conduct its transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the Sub-fund to the potential of greater losses. The risk of non-performance by the obligor on such an instrument may be greater and the ease with which the Sub-fund can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. In addition, significant disparities may exist between “bid” and “asked” prices for derivative instruments that are traded over-the-counter and not on an exchange. Such over-the-counter derivatives are also typically not subject to the same type of investor protections or governmental regulation as exchange traded instruments.

### 19.26 options and warrants

Some Sub-funds may purchase or sell options. The successful use of options and warrants depends principally on the price movements of the underlying securities. In addition, when it purchases an option or warrant, the Sub-fund runs the risk that it will lose its entire investment in the option in a relatively short period of time, unless the Sub-fund exercises the option or warrant or enters into a closing transaction with respect to the option during the life of the option or warrant. If the price of the underlying security does not rise (in the case of a call) or fall (in the case of a put) to an extent sufficient to cover the option premium and transaction costs, the Sub-fund will lose part or all of its investment in the option. There is no assurance that the Sub-fund will be able to effect closing transactions at any particular time or at any acceptable price. In the event of the bankruptcy of a broker through which the Sub-fund engages in transactions in options or warrant, the Sub-fund could experience delays or losses in liquidating open positions purchased or sold through the broker.

### 19.27 when-issued; when, as and if issued; and delayed delivery securities and forward commitments

Securities purchased or sold by a Sub-fund on a when-issued, “when, as and if issued,” delayed delivery or forward commitment basis are subject to market fluctuation, and no interest or dividends accrue to the purchaser prior to the settlement date. At the time of delivery of the securities, the value may be more or less than the purchase or sale price. In the case of “when, as and if issued” securities, the Sub-fund could lose an investment opportunity if the securities are not issued. An increase in the percentage of the Sub-fund’s assets committed to the purchase of securities on a when-issued, “when, as and if issued,” delayed delivery or forward commitment basis may increase the volatility of the net asset value of the Sub-fund.

### 19.28 difficulty of bringing suit

Because the effectiveness of the judicial systems in the countries in which a Sub-fund may invest varies, the Sub-fund may have difficulty in foreclosing or successfully pursuing claims in the courts of such countries, as compared to other countries. Further, to the extent the Sub-fund may obtain a judgment but is required to seek its enforcement in the courts of one of these countries in which the Sub-fund invests, there can be no assurance that such courts will enforce such judgment. The laws of other countries often lack the sophistication and consistency found in most developed countries with respect to foreclosure, bankruptcy, corporate reorganization or creditors’ rights.

### 19.29 restrictions on foreign investments and repatriation

Foreign investment in the securities of issuers in certain nations is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment in issuers in such nations and increase the costs and expenses of the Sub-fund. Certain countries may restrict investment opportunities in issuers or industries deemed important to national interests. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if there is a deterioration in a country’s balance of payments or for other reasons, a country may impose temporary restrictions on, or altogether change its restrictions on, foreign capital remittances abroad. Finally, repatriation of income from and investments in entities that are organized or domiciled in foreign countries may be affected adversely by local withholding and other foreign tax requirements.

### 19.30 inflation

Certain countries have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have very negative effects on the economies and securities markets (both public and private) of certain countries in which a Sub-fund may invest. There can be no assurance that high rates of inflation in such countries will not have a material adverse effect on the investments of the particular Sub-fund.

### 19.31 accounting standards; limited availability of information; due diligence

Accounting standards in certain countries generally do not correspond to international accounting standards, and in some countries national accounting, auditing and financial reporting standards may not yet be in place. The financial information

available to the Sub-fund's custodians or the companies in those foreign countries may not reflect financial position or results of operations in the way they would be reflected if the financial statements had been prepared in accordance with generally accepted international accounting principles. Investors in such companies generally have access to less reliable information than investors in more economically sophisticated countries. In addition, the scope and nature of the Sub-fund's due diligence activities in connection with portfolio investments in certain foreign countries will be more limited than due diligence reviews conducted in more developed economies because reliable information is often unavailable or prohibitively costly to obtain. The lower standards of due diligence and financial controls in investments in certain foreign countries increase the likelihood of material losses on such investments.

### 19.32 illiquidity of the shares

Participation in any Sub-fund established by the Company generally will constitute an illiquid investment. As specified in Part II of this Prospectus, investors in any Sub-fund may be permitted to withdraw from the Sub-fund or cause the relevant Sub-fund to redeem a portion of their Shares only on a redemption date. Shares in any Sub-fund are also subject to restrictions on transfer. Furthermore, a significant portion of the assets of the relevant Sub-fund may consist indirectly of securities that are thinly-traded, securities for which no market exists and/or securities which are restricted as to their transferability under applicable securities laws.

### 19.33 material, non-public information

By reason of their responsibilities in connection with the Sub-fund(s) and the Other Oaktree Funds, personnel of Oaktree may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. Oaktree will not be free to act upon any such information. Due to these restrictions, the Sub-fund(s) may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

### 19.34 restricted transferability of shares

Certain restrictions on the transferability of Shares exist under the Articles of Incorporation: these are summarised in Parts I and II of this Prospectus.

### 19.35 no holdback on redemptions

Upon any withdrawal by a Shareholder, including in the case of a total redemption, the applicable Sub-fund will generally pay the entire redemption prices to such Shareholder based on the Net Asset Value of the applicable Shareholder as of the applicable redemption. The Net Asset Value for a redemption may be determined using estimates of the value of assets held by the applicable Sub-fund, and audited financials will generally not be prepared until the end of the Company's fiscal year. A Sub-fund will generally not hold back amounts from the redemption price, and withdrawing Shareholders may not be required to return amounts received if the annual audit of the Company is inconsistent with the estimates used to determine the redemption price. If a redeeming Shareholder has been overpaid based on such inconsistency between the estimates and the final audited financials, the Company (and, therefore, the non-redeeming Shareholders) may be required to bear such losses.

### 19.36 possible adverse effects of substantial withdrawals

In the event that there are substantial redemptions of Shares within a limited period of time, the applicable Sub-fund may find it difficult to adjust its asset allocation and trading strategies to the suddenly reduced amount of assets under management. Under such circumstances, in order to provide funds to satisfy such redemptions, a Sub-fund may be required to liquidate positions at an inappropriate time or on unfavorable terms, resulting in a lower Net Asset Value for the remaining Shares. On an on-going basis, irrespective of the period over which substantial redemptions occur, it may be more difficult for a Sub-fund to generate additional profits operating on a smaller asset base and, as a result of liquidating assets to fund withdrawals, such Sub-fund may be left with a much less liquid portfolio. In addition, such redemptions may materially adversely affect the liquidity position of a Sub-fund, including its ability to satisfy contractual payment obligations and make other uses of cash.

### 19.37 recourse to a sub-fund's assets

The assets of a Sub-fund, including any investments and any cash held by such Sub-fund, are available to satisfy all liabilities and other obligations of such Sub-fund. If a Sub-fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to such Sub-fund's assets generally and not be limited to any particular asset.

### 19.38 ring-fencing

The assets of each Sub-fund are ring-fenced. As a matter of Luxembourg law, the assets of one Sub-fund will not be available to meet the liabilities of another. However, the Company may operate or have assets held on behalf of or be subject to claims



in other jurisdictions which may not necessarily recognise such ring-fencing and, in such circumstances, the assets of one Sub-fund may be exposed to the liabilities of another.

### 19.39 debt securities

To the extent that the investments made by any particular Sub-fund consist of fixed and floating rate debt securities, those investments will entail normal credit risks (i.e., the risk of non-payment of interest and principal) and market risks (i.e., the risk that interest rates and other factors will cause the value of the instrument to decline). Fluctuations in the market value of fixed and floating rate debt securities after their acquisition usually do not affect cash income from such securities but are reflected in the relevant Sub-fund's NAV. Such securities may be subject to redemption at the option of the issuer. If a fixed or floating rate debt security held by a particular Sub-fund is called for redemption, the relevant Sub-fund may be required to permit the issuer to redeem the security, which could have an adverse effect on the relevant Sub-fund's ability to achieve its investment objectives.

### 19.40 high yield bonds

Investments in high-yield bonds (debt instruments issued by issuers with lower credit ratings and offering a comparatively high yield) are deemed to be speculative in so far as their possible higher return will entail increased issuer and market risks. Compared with top-rated debt instruments, the risk of an issuer being unable to meet payments on the principal and/or interest is higher. Some issuers of high-yield bonds may have an unfavorable debt-to-equity ratio, and may have been compelled to resort to the high-yield bond market because they do not have access to other sources for financing their activities. The markets for high-yield bonds tend to be less liquid and more volatile than the markets for top-rated debt instruments, owing to a lower trading volume and, as a rule, a smaller number of market participants. The prices of high-yield bonds are generally speaking more sensitive to the perception of the business situation of their issuer and to the general economic developments than top-rated bonds. If a Sub-fund is required (e.g. owing to substantial redemptions occurring on the part of holders of Shares in such Sub-fund) to realize investments in an environment of falling prices, sales of investments at unfavorable terms may ensue. The terms of issue of high-yield bonds often contain provisions allowing for a repayment at the option of the issuer prior to maturity. If such repayment occurs in a period of falling interest rates, such early repayment may have an adverse effect on a Sub-fund's net assets.

### 19.41 libor risks

Some of the securities purchased by a Sub-fund will pay interest based on LIBOR. As a result, a significant decline in LIBOR could negatively impact the expected return on the relevant Sub-fund's portfolio. The regulatory authority that oversees financial services firms and financial markets in the UK has announced that, after the end of 2021, it would no longer persuade or compel contributing banks to make rate submissions for purposes of determining the LIBOR rate. As a result, it is possible that commencing in 2022, LIBOR may no longer be available or no longer deemed an appropriate reference rate upon which to determine the interest rate on or impacting certain notes, derivatives and other instruments or investments comprising some or all of a Sub-Fund's portfolio. In light of this eventuality, public and private sector industry initiatives are currently underway to identify new or alternative reference rates to be used in place of LIBOR. There is no assurance that the composition or characteristics of any such alternative reference rate will be similar to or produce the same value or economic equivalence as LIBOR or that it will have the same volume or liquidity as did LIBOR prior to its discontinuance or unavailability, which may affect the value or liquidity or return on certain investments and result in costs incurred in connection with closing out positions and entering into new trades. These risks may also apply with respect to changes in connection with other interbank offering rates (e.g., Euribor).

### 19.42 lower-rated securities

To the extent that any particular Sub-fund has been designed or is able to invest in securities that are rated in the lower rating categories by the various credit rating agencies or are not rated, the Investment Manager for the applicable Sub-fund must take into account the special nature of such securities and certain special considerations in assessing the risks associated with such investments. Securities in the lower-rated and non-rated categories are subject to greater risk of loss of principal and interest than higher-rated securities and generally are considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. As a general matter, they are also considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. As investors generally perceive that there are greater risks associated with the lower-rated and non-rated securities, the yields and prices of such securities may be more volatile than those applicable to higher-rated securities. The market for lower-rated and non-rated securities is thinner, often less liquid, and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold and may even make it impractical to sell such securities. The limited liquidity of the market also may adversely affect the ability of the Investment Manager to arrive at a fair value for certain lower-rated and non-rated securities at certain times and could make it difficult for the Company to sell certain securities. It should be recognized that an economic downturn or increase in interest rates is likely to have a negative effect on the value of non-investment grade securities held by the Company as well as on the ability of the securities' issuers, especially highly leveraged issuers, to service principal and interest payment obligations to meet their projected business goals or to obtain additional financing. If the issuer of a fixed or floating rate debt security owned by the Company defaults, the Company may incur additional expenses to seek recovery, which may

involve the expense and uncertainty of insolvency proceedings, and it cannot be guaranteed that the Company will be successful in obtaining any recovery or that the expenses involved will not exceed the eventual recovery.

#### 19.43 equity securities

All equity investments involve market and other risks. In addition, to the extent that a Sub-fund invests in equity securities, the relevant Sub-fund may have higher levels of risk and volatility compared to other investment strategies.

#### 19.44 high portfolio turnover

The different strategies used by a Sub-fund may require frequent trading and a high portfolio turnover. The more frequently the Sub-fund trades, the higher the commission and transaction costs and certain other expenses involved in the Sub-fund's operations. These costs will be borne by the Sub-fund regardless of the profitability of the Sub-fund's investment and trading activities. In addition, a high portfolio turnover may increase the recognition of short-term, rather than long-term, capital gains.

#### 19.45 currency risks and foreign exchange; hedging transactions

The investment of any Shareholder in any Sub-fund established by the Company will be denominated in the reference currency of the Sub-fund and distributions generally will be made in the same currency. However, a portion of any particular Sub-fund's assets may be invested in securities denominated in currencies other than the reference currency. Changes in the rates of exchange between the reference currency and other currencies will have an effect, which could be adverse, on the performance of the relevant Sub-fund, on amounts available for distribution by the relevant Sub-fund and on the value of securities distributed by such Sub-fund. Additionally, in response to large scale currency speculation, a number of nations have been unable to sustain exchange rates and have devalued their currency or shifted to floating exchange rate regimes. Such devaluation could affect adversely the relevant Sub-fund.

A Sub-fund may utilize financial instruments for risk management purposes in order to hedge the currency exchange rate on any particular Sub-fund's assets and expected future income arising from those assets. The success of any such hedging operations will be subject to, among other things, the Investment Manager's ability to assess correctly the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged, the availability and willingness of counterparties to enter into appropriate hedging arrangements and the Investment Manager's ability to recalculate, readjust and execute hedges continually in an efficient and timely manner.

#### 19.46 leverage and financing risk

Leverage has the effect of potentially increasing losses and any event that adversely affects the value of an investment by a particular Sub-fund would be magnified to the extent that such Sub-fund is leveraged. The cumulative effect of the use of leverage by the relevant Sub-fund in a market that moves adversely to such Sub-fund's investments could result in a loss to such Sub-fund, which would be greater than if the relevant Sub-fund were not leveraged.

#### 19.47 forward trading

Certain Sub-funds may enter into forward contracts and options thereon that are not traded on exchanges and are not standardized. Banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in significant losses to a particular Sub-fund.

#### 19.48 projections

The Sub-fund may rely upon projections developed by Oaktree concerning the company's future performance and cash flow, including when deciding that the possibility of actual adversity in connection with an investment in a different part of the capital structure of the portfolio company is remote. Projections are inherently subject to uncertainty and factors beyond the control of Oaktree. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values and cash flow and could trigger the need for the Fund to remain passive in the event of a restructuring.

#### 19.49 brokerage and portfolio transactions

Oaktree is responsible for the placement of the Sub-fund's portfolio transactions and the negotiation of prices and commissions, if any, with respect to such transactions. Oaktree takes into account a range of factors in deciding where to execute transactions together with the nature of the transaction, the characteristics of the financial instruments to which the transaction relates and the characteristics of the execution venues to which the transaction can be directed.

Oaktree's objective in selecting execution venues and in effecting portfolio transactions is to seek to obtain the best combination of price and execution on transactions effected for the Sub-fund. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other judgmental factors will be considered as they are deemed relevant.

These factors include, but are not limited to, Oaktree's knowledge of negotiated commission rates and spreads currently available; the nature of the security or instrument being traded; the size and type of the transaction; the nature and character of the markets for the security or instrument to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security or instrument; confidentiality; the likelihood of execution and settlement; the execution, clearance, and settlement capabilities as well as the reputation and perceived soundness of the broker or dealer selected and other brokers or dealers considered; Oaktree's knowledge of actual or apparent operational problems of any broker or dealer; the broker's or dealer's execution services rendered on a continuing basis and in other transactions; the reasonableness of spreads or commissions; and the research services and products furnished by the broker or dealer, if any.

In seeking to obtain best execution, Oaktree generally will not seek in advance competitive bidding for the most favourable commission rate or spread applicable to any particular portfolio transaction or to select any broker or dealer on the basis of its purported or "posted" commission rate, and although the Investment Manager generally seeks competitive commission rates and dealer spreads, it will not necessarily pay the lowest commission or commission equivalent. Accordingly, transaction expenses charged on behalf of the Sub-fund may not reflect the most favourable commission rate or spread applicable to a particular portfolio transaction, and the Sub-fund may not necessarily pay the lowest commission rate available.

### 19.50 diverse investor group

Shareholders may have conflicting investment, tax and other interests with respect to their investments in a Sub-fund. In selecting and structuring investments appropriate for the Sub-fund, the General Partner will consider the investment and tax objectives of the Sub-fund and its Shareholders as a whole, not the investment, tax or other objectives of any investor individually.

### 19.51 on-going compliance with anti money laundering requirements

The Company, the AIFM and Oaktree will be authorized, without the consent of any person, including any Shareholder, to take such action as they each determine in their discretion to be reasonably necessary or advisable to comply, or to cause the Sub-fund to comply, with any anti-money laundering or anti-terrorist laws, rules, regulations, directives or special measures. In addition, each of the Company, the AIFM and Oaktree may disclose any information concerning the Sub-fund or one or more of their respective Shareholders necessary or advisable to comply with applicable laws and regulations, including any money laundering or anti-terrorist laws or regulations to governmental authorities, self-regulatory organizations and financial institutions (in certain circumstances without notifying any Shareholder that the information has been so provided), and each Shareholder will be required to provide the Company, the AIFM and Oaktree all information that they each determine in their discretion to be advisable or necessary to comply with such laws and regulations. In particular the attention of Shareholders is drawn to the fact that the Company is required under Luxembourg AML Laws to (i) obtain and hold accurate and up-to-date information (i.e. names, nationality/ies, date and place of birth, etc.) about its beneficial owners and relevant supporting evidence and (ii) file such information and supporting evidence with the Luxembourg register of beneficial owners (the "RBO") in accordance with the Luxembourg act of 13 January 2019 creating a register of beneficial owners (the "RBO Act"). The Company or the AIFM may be required by applicable law to "freeze" an investor's capital account (e.g., by prohibiting additional capital contributions from such investor or suspending other rights such investor may have under the Prospectus or Articles of Incorporation) or cause such investor to withdraw or be compulsorily redeemed from the Sub-fund.

### 19.52 existing relationships

Oaktree has long-term relationships with a significant number of companies and their respective senior management. Oaktree also has relationships with numerous investors, including institutional investors and their senior management. The existence and development of these relationships may influence whether or not the Investment Manager undertakes a particular investment on behalf of the Sub-fund and, if so, the form and level of such investment. Similarly, the Investment Manager may take the existence and development of such relationships into consideration in its management of the Sub-fund and its investments. Without limiting the generality of the foregoing, there may, for example, be certain strategies involving the management or realization of particular investments that Oaktree will not employ on behalf of the Sub-fund in light of these relationships.

### 19.53 repurchase agreements

Repurchase agreement risks are related primarily to the ability of the selling financial institutions to repurchase the underlying securities and the fluctuation in the market value of these securities. Although repurchase agreements executed by a particular



Sub-fund normally will have terms of seven days or less, some such repurchase agreements could have longer terms. In the event of a default or bankruptcy by a selling financial institution under a repurchase agreement, the relevant Sub-fund will seek to sell the underlying security serving as collateral. However, this could involve certain costs or delays, and, to the extent that proceeds from any sale were less than the repurchase price, the relevant Sub-fund could suffer a loss. Each Sub-fund that enters into repurchase agreements will follow procedures designed to minimize the risks associated with repurchase agreements, including effecting repurchase transactions only with large, well-capitalized and well-established financial institutions and specifying the required value of the collateral underlying the agreement. These procedures cannot, however, provide complete protection against counterparty defaults.

### 19.54 lending of portfolio securities

In the lending of portfolio securities, as with any extension of credit, there are risks of delay in recovery and in some cases even loss of rights in the collateral if the borrower of the securities fails financially. These risks are aggravated where the borrower is a foreign entity.

### 19.55 valuation risk

A Sub-fund's assets may sometimes be difficult to value objectively and the true value may not be recognised until assets are sold, in particular in case of illiquid market conditions.

### 19.56 operational risk

The Company is subject to the risk of financial or other loss, or potential damage to a service provider's reputation, resulting from inadequate or failed internal processes, inadequate controls, human error or fraud, deficient resources or systems or from external events (e.g. fraud, legal and compliance risks or damage to physical assets). ***The foregoing risks do not purport to be a complete explanation of all the risks involved in acquiring any Shares. Potential investors are urged to read this entire Prospectus and the governing documents of the Company before making a determination whether to invest in a Sub-fund established by the Company.***

## 20 personal data, processing and disclosure

For information on how the Company and Oaktree processes your personal data in accordance with Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, please refer to the Privacy Notice for Investors in Oaktree's Luxembourg Open-Ended Investment Funds which is available at <https://www.oaktreefunds.com/investor-notice.pdf>.



## 21 brokerage and portfolio transactions

The Investment Manager of the relevant Sub-fund is responsible for the placement of such Sub-fund's portfolio transactions and the negotiation of prices and commissions, if any, with respect to such transactions. Fixed income and unlisted equity securities are generally purchased from a primary market maker acting as principal on a net basis without a stated commission but at prices generally reflecting a dealer spread. Listed equity securities are normally purchased through brokers in transactions executed on securities exchanges involving negotiated commissions. Both fixed income and equity securities are also purchased in underwritten offerings at fixed prices which include discounts to underwriters or concessions to dealers.

The Investment Manager's objective in selecting brokers and dealers and in effecting portfolio transactions is to seek to obtain the best combination of price and execution on transactions effected for the relevant Sub-fund. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other judgemental factors will be considered as they are deemed relevant. These factors include the Investment Manager's knowledge of negotiated commission rates and spreads currently available; the nature of the security or instrument being traded; the size and type of the transaction; the nature and character of the markets for the security or instrument to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security or instrument; confidentiality; the execution, clearance, and settlement capabilities, as well as the reputation and perceived soundness of the broker or dealer selected and other brokers or dealers considered; the Investment Manager's knowledge of actual or apparent operational problems of any broker or dealer; the broker's or dealer's execution services rendered on a continuing basis and in other transactions; the reasonableness of spreads or commissions; and the research services and products furnished by the broker or dealer, if any.

In seeking to obtain best execution, the Investment Manager generally will not seek in advance competitive bidding for the most favourable commission rate or spread applicable to any particular portfolio transaction or to select any broker or dealer on the basis of its purported or "posted" commission rate. The Investment Manager will endeavour to be aware of the current level of the charges of eligible brokers or dealers and to minimize the expense incurred for effecting portfolio transactions to the extent consistent with the interests and policies of its accounts. Although the Investment Manager generally seeks competitive commission rates and dealer spreads, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker or dealer involved and would thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

The Investment Manager intends to pay directly for research services it uses, and such expenses will be charged to the Company as a fund expense. However, when such research services are not available by paying for them directly or are only available at a premium, the Investment Manager may use "soft dollars" in which case, consistent with obtaining best execution, brokerage commissions (including dealer spreads paid on certain principal transactions in accordance with SEC interpretations) on the Company's portfolio transactions may be directed by the Investment Manager or Oaktree to a broker or dealer in recognition of research services furnished by such broker or dealer or a designated third party, as well as for services rendered in the execution of orders by such broker or dealer. The Investment Manager may maintain an internal allocation procedure to identify those broker dealers who have provided it with research services and may endeavour to place sufficient transactions with them to ensure the continued receipt of research services the Investment Manager believes are useful to the Sub-fund. In considering such research, Oaktree first determines that the product or service will provide lawful and appropriate assistance in the performance of its investment decision-making responsibilities. A determination is then made that the amount of commissions paid is reasonable in light of the value of the brokerage and research services provided. The Investment Manager does not attempt to put a specific monetary value on the services rendered or to allocate the relative costs or benefits of those services among clients, believing that the research received is, in the aggregate, of assistance to the Investment Manager in fulfilling its overall duty to its clients. The Investment Manager notes that each and every research service may not be used to service each and every account managed by the Investment Manager and the Investment Manager may use research services to service accounts that did not pay commissions to the broker-dealers providing such research services. Moreover, the Investment Manager may benefit from these services as it may not have to pay for such research services and products out of its own resources.

The receipt of investment research and information and related services permits the Investment Manager to supplement its own research and analysis and makes available to the Investment Manager the views and information of individuals and research staffs of other firms. The views and information include written materials on certain companies, industries, areas of the economy or market factors and other areas which might affect the economy or securities prices. Research services may also include statistical information, accounting and tax law interpretations that relate to an investment, political developments that may affect investments in the markets in which the relevant Sub-fund invests, legal developments affecting portfolio securities, technical market actions, pricing and appraisal services, credit risk measurement and performance analysis, analysis of corporation responsibility issues, portfolio strategy and analytic computer software. They also include advice from broker dealers as to the value of securities, availability of securities, availability of buyers and availability of sellers. In addition, they include recommendations as to the purchase and sale of individual securities and timing of transactions.

These research services may be received through on-line information services provided by the broker or dealer or a designated third party. Due to the receipt of various research materials through on-line services, products may include software used in connection with gaining access to the information and may be considered a mixed-use item, having both research and non-research functions. When products or services, including on-line services, are used for both research and other purposes, the Investment Manager makes a good faith allocation of the cost of the product or services between the research and non-research functions. The non-research portion will be paid in cash by the Investment Manager, while the portion attributable to research



will be paid through brokerage commissions. Brokers or dealers selected by the Investment Manager may be paid commissions for effecting transactions for the Sub-fund in excess of the amounts other brokers or dealers would have charged for effecting these transactions if the Investment Manager determines in good faith that such amounts are reasonable in relation to the value of the brokerage or research services provided by such brokers or dealers, viewed either in terms of a particular transaction or the Investment Manager's overall duty to its discretionary accounts.



## 22 certain tax matters

### 22.1 taxation in luxembourg

The following section is a short summary of certain important Luxembourg taxation principles that may be or become relevant with respect to the Company.

This section does not purport to be a complete summary of tax law and practice currently applicable in Luxembourg and does not contain any statement with respect to the tax treatment of an investment in the Company in any other jurisdiction.

Furthermore, this section does not address the taxation of the Company in any other jurisdiction or the taxation of any legal entity, partnership or undertakings for collective investments without legal personality in which the Company hold an interest.

The Company and the AIFM reserve the right to disclose the names of the Shareholders on the register of Shareholders to any tax authority where required by law or where the Company and the AIFM believe such disclosure is in the best interests of the Company. In particular, each Shareholder shall provide from time to time such information to the AIFM as may be reasonably requested for the purpose of determining to what extent any Shares are owned, directly or indirectly. The AIFM shall provide such assistance as any Shareholder may reasonably request in connection with such determination.

Prospective investors are advised to consult their own professional tax advisers in respect of the possible tax consequences of subscribing for, buying, holding, redeeming, converting or selling Shares under the laws of their country of citizenship, residence, domicile or incorporation.

The following summary is based on laws, regulations and practice currently applicable in the Grand Duchy of Luxembourg at the date of this Prospectus and is subject to changes therein, possibly with retroactive effect.

#### 22.1.1 Taxation of the Company

Under present Luxembourg law and administrative practice, neither a SICAV nor any of its sub-funds is liable for any Luxembourg corporate income tax, municipal business tax, and net worth tax. A SICAV such as the Company is however liable in Luxembourg to a subscription tax of in principle 0.05% per annum computed on its net assets, such tax being payable quarterly on the basis of the value of the aggregate assets of such SICAV (or sub-fund) at the end of the relevant calendar quarter. The rate of the subscription tax can be reduced to 0.01% for sub-funds of a SICAV as well as for individuals classes of shares issued within such SICAV or within a sub-fund of the latter provided that the shares of such sub-funds or classes of shares are reserved to institutional investors. The value of assets represented by units and shares held in other undertakings for collective investments is however exempt from the subscription tax provided such units or shares have already been subject to this tax. Moreover, according to Article 175 of the UCI Law a SICAV (as well as an individual sub-fund) benefits from an annual tax exemption if (i) its securities are listed or dealt in on at least one stock exchange or another regulated market, operating regularly and recognized and open to the public; and (ii) its exclusive object is to replicate the performance of one or more indices. If several classes of securities exist within the Company or its Sub-fund, the exemption only applies to classes fulfilling the condition of sub-point (i).

No other stamp duty or other tax is payable in Luxembourg on the issue of Shares in the Company, except for a one-off flat registration duty of EUR 75 to be paid upon the Company's incorporation and upon future modification (if any) of its Articles.

Dividends and interest, if any, received by the Company or any of its Sub-funds from investments may be subject to taxes and/or withholding taxes in the countries concerned at varying rates, such (withholding) taxes usually not being recoverable. The Company, or any subsidiary-asset-holding structure through which it holds investments, may be liable for certain other foreign taxes.

#### 22.1.2 Taxation of the Shareholders

Under present Luxembourg law and administrative practice and subject to any amendment thereof, the Shareholders are not liable to any taxation in Luxembourg in relation to the holding, sale, redemption or transfer of the Shares, except with respect to:

- a) Luxembourg gift tax, in the event that a gift is made pursuant to a notarial deed signed before a Luxembourg notary or registered in Luxembourg; and
- b) Shareholders domiciled, resident or having a permanent establishment in Luxembourg, subject to the application of the Council Directive 2003/48/EC regarding the taxation of savings income (see section 3 below). However the mere holding of Shares in the Company should not comprise a Luxembourg establishment of an Investor with no other connection in Luxembourg.

### 22.2 taxation of shareholders in germany

This overview of the tax treatment of investors' earnings of the Sub-fund relates exclusively to the Oaktree European Senior Loan Fund, which is a sub-fund of Oaktree Capital Management Fund (Europe). The following summary outlines major aspects of the tax consequences of purchasing, holding, redeeming and selling Shares in the Sub-fund in Germany. This

summary is only very general in nature and does not represent a comprehensive analysis of all the potential tax consequences which investors may face in Germany. In particular, the information given should not be regarded as specific legal or tax advice for investors. No guarantee can be given that German tax authorities or German courts will concur with the assessments contained herein. Moreover, no guarantee can be given that the tax regime will not change as a result of new or amended legislation, case law or statements of practice of German tax authorities. Any such changes may also take place with retroactive effect.

Investors are therefore urged to seek individual tax advice from their own tax advisor before purchasing any Shares in the Sub-fund. Only such an advisor is in the position to consider the individual circumstances of the respective investor.

The following tax section is based on the legislative situation applicable in Germany as of 21 March 2014.

A flat tax regime on investment income (*Abgeltungsteuer*) was introduced in Germany in principle with effect as of 2009. There are a number of complicated grandfathering rules, which differ according to their application at the fund or investors' level and which are somewhat vague on certain issues. The statements regarding the tax treatment given below make a distinction between private Investors (Section "Taxation of private investors in Germany") and commercial investors (Section "Taxation of commercial investors in Germany").

### 22.2.1 Applicability of the German Investment Tax Act

The taxation of investors in Germany is governed by the Investment Tax Act ("ITA" – *Investmentsteuergesetz*). If the Sub-fund is regarded as a "investment fund" (*Investmentfonds*) within the meaning of sec. 1 para. 1b of the ITA, the limited transparency principle (*eingeschränktes Transparenzprinzip*) (which is set out in chapters 1 to 3 and 5 of the ITA) should be applicable to the Sub-fund and its German tax-resident investors. If the Sub-fund is regarded as a "investment fund" (*Investmentfonds*) because of the tax grandfathering provisions pursuant to sec. 22 para. 2 of the ITA, the limited transparency principle should be applicable to the Sub-fund and its German tax-resident investors until the end of the Sub-fund's financial year which starts before 22 July 2016, i.e. for a limited period of time. In case the Sub-fund does no longer qualify as an "investment fund" under the tax grandfathering provisions pursuant to sec. 22 para. 2 of the ITA and does not qualify as an "investment fund" (*Investmentfonds*) within the meaning of sec. 1 para. 1b of the ITA, the Sub-fund and its German tax-resident investors are subject to the taxation principles that apply to corporations and its shareholders except for the participation relief provisions for business investors which would not apply to the case at hand. For the following section "TAXATION OF SHAREHOLDERS IN GERMANY", it is assumed that the Sub-fund qualifies for the applicability of the limited transparency principle (*eingeschränktes Transparenzprinzip*).

### 22.2.2 Fund of funds, target fund

The taxation of investors depends on whether certain reporting requirements according to sec. 5 of the ITA are met. This then determines whether the taxation rules for "transparent", "semi-transparent" or "non-transparent" funds apply (see below). These reporting requirements must be met both by the Sub-fund and by any funds in which the Sub-fund invests and which qualify as "investment funds" within the meaning of sec. 1 para 1b or sec. 22 para. 2 of the ITA (*Investmentfonds*) ("Target Funds"). The ITA sets out which funds qualify as "investment funds", which has to be analysed in each individual case.

Any statements on the tax treatment of earnings of the Sub-fund apply *mutatis mutandis* to any earnings generated by a Target Fund directly or indirectly held by the Sub-fund. The same applies to the interim profit (*Zwischengewinn*) and share profit (*Aktiengewinn*) of such Target Fund which are in principle attributable to the Sub-fund.

### 22.2.3 Transparency, semi-transparency and intransparency

The taxation rules set out below only apply in the event that all reporting requirements laid down in sec. 5 para. 1 sent. 1 of the ITA (including an indication in the required professional certificate whether the Sub-fund's earnings are calculated applying an income equalisation method) are met in full and in time on all levels (i.e. with regard to the Sub-fund and any Target Fund held directly or indirectly by it) and the share profit, the interim profit (including an indication whether the interim profit was calculated applying an income equalisation method) and any accumulated retained earnings are determined and published (so-called "transparency").

The Company intends to satisfy the relevant calculation, notification and publication requirements as stipulated in sec. 5 para. 1 ITA at the date of this Prospectus with respect to all Classes of Shares. The Company believes that the compliance with the Reporting Requirements will cause the tax provisions for so-called "transparent" funds to apply. Furthermore, the Company intends to calculate and publish the so-called share profit i.e. a percentage of the value of the Shares attributable to increases in value of shares in corporations, dividends or retained capital gains from the sale of shares in corporations which have not yet been distributed by the Company for each Class of Shares with respect to each day on which a redemption of the respective Shares is possible. The Company believes that such calculation and publication of the share profit will in general result in the applicability of sec. 8 para. 1 and 3 ITA to institutional investors.

In the event of any failure by the Sub-fund or any Target Fund to publish certain tax-reducing information (cf. sec. 5 para. 1 sent. 1 no. 1 lit. c) or f) and no. 2 of the ITA), earnings are, in principle, fully taxable and foreign taxes may not be offset or deducted (so-called "semi-transparent" taxation). If the Sub-fund or a Target Fund does not publish the share profit, dividends and capital gains from shares and equity-like *jouissance* rights distributed or attributed to investors will not be (partly) exempt from (corporate) income tax at the level of commercial investors. Irrespective of whether the Sub-fund and a Target Fund is



classified as “transparent” or “semi-transparent”, earnings generated and retained by the Sub-fund and, as the case may be, its Target Funds are taxable in the hands of the investor as further described below.

Any failure to meet the minimum reporting requirements for the Sub-fund or any failure to meet them in full or in time will result in investors being subject to unfavourable lump-sum taxation on all earnings (sec. 6 of the ITA). In this case, any distributions and 70% of any increase between the first redemption price determined in a calendar year and the last redemption price determined in such calendar year for such Shares in the Sub-fund, but at least 6% of the last redemption price determined for Shares in the Sub-fund in the calendar year, are subject to taxation in the hands of German investors who hold Shares in the Sub-fund at the end of the respective calendar year (so-called “non-transparent taxation”). If any Target Fund fails to duly meet these minimum reporting requirements, the earnings of this “non-transparent” Target Fund will be calculated in accordance with the rules of the lump-sum taxation even if the Sub-fund itself has met all of its reporting requirements.

The following summary is based on the assumption that the Company meets all reporting requirements for “transparent” funds with regard to the Sub-fund (including an indication in the required professional certificate whether the Sub-fund's earnings are calculated applying an income equalisation method) and that the share profit and the interim profit (including an indication whether the interim profit was calculated applying an income equalisation method) is calculated and published.

There can be no guarantee that Target Funds will meet the reporting requirements for “transparent” or “semi-transparent” funds and that they will publish the share profit and the interim profit (including an indication whether the interim profit was calculated applying an income equalisation method). If the minimum reporting requirements are not met, earnings from such a Target Fund investment will be determined on the basis of the rules of the lump-sum taxation (see above) and will be attributed to the Sub-fund and, ultimately, to the investors. If such a Target Fund fails to publish the share profit, the taxable capital gain will not be corrected by the amount of the share profit generated by such Target Fund, even if the Sub-fund determines the share profit. If such Target Fund does not publish the interim profit, a lump sum of up to 6% of the consideration for the redemption or disposal of the shares in this Target Fund will be subject to tax as deemed interim profit, even if the Sub-fund determines the interim profit.

Any earnings calculated for “transparent” and “semi-transparent” Target Funds will be attributed to the Sub-fund for tax purposes upon distribution if they are resolved to be distributed not later than 4 months after the end of Target Fund's fiscal year in which they were generated by the Target Fund, or otherwise, *i.e.* if earnings are retained or a distribution resolution is taken after such 4 months period, at the end of the fiscal year of the Target Fund. Earnings from “non-transparent” Target Funds will be attributed to the Sub-fund for tax purposes upon distribution. The taxable minimum amount according to sec. 6 of the ITA will be attributed to the Sub-fund for tax purposes at the end of the relevant calendar year.

The tax base for the Sub-fund under the ITA may be subject to a tax audit by the Federal Central Tax Office (*Bundeszentralamt für Steuern*). Any amendments to the tax base, e.g. on the occasion of such an inspection, will economically have to be borne by investors holding Shares in the Sub-fund at the time of the distribution or attribution date following such amendment. Consequences may either be positive or negative.

#### **22.2.4 Taxation of private investors in Germany**

The following summary applies to natural persons who are domiciled or ordinarily resident in Germany and who hold Shares in the Sub-fund as part of their taxable private assets (“**Private Investors**”). Below tax section covers the tax consequences for those earnings distributed by the Sub-fund after 31 December 2009 and for those earnings which – as deemed distributions (*ausschüttungsgleiche Erträge*) – are allocated at the end of fiscal years of the Sub-fund ending after 31 December 2009.

Any earnings of the Sub-fund and profits from the redemption or disposal of Shares in the Sub-fund which are indicated below as being subject to the new flat-tax regime will be subject to withholding tax at a rate of 26.375% (including solidarity surcharge) if the Shares are held by a Private Investor in a securities account in Germany (domestic account) and provided that the Sub-fund distributes a sufficient amount of its earnings; this withholding tax shall in principle discharge the Investor's income tax liability. If the Sub-fund does not distribute any earnings, or does not distribute sufficient amounts, or if such earnings and profits are not subject to withholding tax (for example, if the Shares are held in an account abroad), income tax at a corresponding flat rate of 26.375% (including solidarity surcharge) will be levied on these profits and earnings in the course of the tax assessment. See also Section “Withholding tax deduction” for further details on the collection of taxes.

If Private Investors pay church tax, this is levied as a surcharge to the withholding tax if the investor requests this in writing. In such case, the withholding tax rate is reduced by 25% of the church tax due on the investment income. Private Investors who pay church tax, but who have not made this written request, have to include their investment income in their tax return and will then be assessed to church tax. This is then deductible as a special expense (*Sonderausgabe*). Details of the impact of church tax will not be included in the summary given below.

##### **22.2.4.1 Taxation of earnings of the Sub-fund during the holding period in the case of Private Investors and dividends**

###### **22.2.4.1.1 Interest and similar income and dividends**

Any interest and similar income as well as dividends is in principle subject to the flat tax regime in the hands of Private Investors. These amounts are taxable upon distribution if they are resolved to be distributed not later than 4 months after the

end of the fiscal year in which they were generated by the Sub-fund, or otherwise, i.e. if they are retained by the Sub-fund or resolved to be distributed later, at the end of such fiscal year.

#### **22.2.4.1.2 Income on sales of securities, gains from derivative transactions and option premiums**

Profits made by the Sub-fund from the disposal of shares and equity-like *jouissance* rights and certain gains from derivative transactions and option premiums are not subject to tax in the case of a Private Investor if this income is retained by the Sub-fund.

Furthermore, retained profits from the disposal or redemption of the following debt instruments are not subject to tax:

- debt instruments with a fixed issue yield such as zero bonds;
- floater, reverse-floater, down-rating bonds and similar debt instruments with fixed or variable interest rates that are repayable at par or with a discount unless such discount only serves to adjust the issue price to market interest rates;
- full-risk-certificates tracking “1 to 1” the performance of a share in a public company or a published index comprising several of such shares;
- exchangeable notes, convertible bonds and reverse convertible bonds;
- profit-linked bonds and debt-like *jouissance* rights; and
- bonds with warrants attached.

Accrued interest and other income components from such debt instruments are subject to tax as interest income.

Retained profits from the disposal or redemption of other debt instruments are, in contrast, subject to the flat tax regime in the case of Private Investors. This applies in particular to other full-risk certificates not mentioned above (thus, certificates other than certificates tracking “1 to 1” the performance of a share in a public company or a published index comprising several of such shares). However, grandfathering rules apply to full risk certificates the Sub-fund has acquired before 1 January 2009.

If capital gains from the disposal or redemption of the debt instruments listed above, of shares and equity-like *jouissance* rights as well as profits from derivative transactions and option premiums are distributed, they are subject to tax at the level of Private Investors.

#### **22.2.4.1.3 Other returns**

Other returns generated by the Sub-fund are subject to the flat tax regime at the level of the Private Investors. These amounts are taxable upon distribution if they are resolved to be distributed not later than 4 months after the end of the fiscal year in which they were generated by the Sub-fund, or otherwise, i.e. if they are retained by the Sub-fund or resolved to be distributed later, at the end of such fiscal year.

#### **22.2.4.1.4 Foreign withholding tax**

Earnings of the Sub-fund from foreign sources, including dividends, may have suffered withholding tax in some of the jurisdictions.

The Sub-fund has the option to deduct any withholding tax which would have been creditable as expenses. Private Investors are not entitled to a credit for foreign withholding tax in such case. If this option to deduct foreign withholding tax is not exercised by the Sub-fund, any such withholding tax should be creditable against the flat tax on the corresponding taxable earnings subject to foreign withholding tax. Withholding tax exceeding the flat tax is not reimbursed at the level of Private Investors. Withholding taxes are not deductible at the level of Private Investors.

#### **22.2.4.1.5 Negative taxable earnings**

Any negative earnings which cannot be set-off against positive earnings of the same type at the Sub-fund level will be carried forward by the Sub-fund. These negative earnings may be set-off by the Sub-fund with future positive taxable earnings of the same type generated in subsequent years (the tax authorities formed several categories of proceeds belonging to “the same type”). It is not possible to allocate negative taxable earnings to Private Investors directly. These negative amounts therefore do not impact Private Investors until the assessment period (tax year) in which the Sub-fund fiscal year ends in which positive taxable earnings of the Sub-fund have been set-off against the negative earnings. In the event that the Sub-fund does not generate any offsetable positive earnings in the subsequent years, these negative earnings will only affect Private Investors if the earnings from the redemption or sale of Shares in the Sub-fund are subject to the flat tax regime (see also Section “Disposal or redemption of Shares in the Sub-fund in case of Private Investors”).

#### **22.2.4.1.6 Repayment of capital**

Capital repayments made by the Sub-fund are not subject to tax. Distributions made by the Sub-fund are treated as capital repayments if the Company proves that the Sub-fund has not earned any distributable earnings in the current or any previous fiscal year within the meaning of the ITA and capital repayments are published as required. Capital repayments received by a Private Investor during the time he holds Shares in the Sub-fund increase the taxable proceeds from the disposal of Shares in the Sub-fund, i.e. they increase the taxable capital gain.



#### 22.2.4.1.7 Withholding tax deduction

If Private Investors hold their Shares in the Sub-fund with a bank or other financial services institution in Germany (domestic account), withholding tax is due at a rate of 26.375% (including solidarity surcharge) on certain distributed and retained earnings of the Sub-fund if the amount distributed is sufficient to cover the maximum tax to be withheld. The withholding tax shall, in principle, discharge the investor's income tax liability and, therefore, is not offsetable or reimbursable for Private Investors. However, an assessment may be requested together with the option to be taxed at the individual income tax rate (rate option) (*Tarifoption*).

In particular, interest payments, foreign dividends and distributed profits from the sale of securities purchased after 31 December 2008 and from derivative transactions entered into after that date are subject to withholding tax if they are held in a domestic account. Creditable foreign taxes are deducted by the domestic paying agent in Germany.

No withholding tax applies if Private Investors submit an exemption request to their domestic paying agents in a sufficient amount (currently a maximum of EUR 801 in case of a separate assessment and EUR 1,602 in case of a joint assessment). The same applies if a non-assessment certificate is submitted. The domestic paying agent does not deduct withholding tax if it has received an application for exemption on an official form in adequate sufficient amount or a non-assessment certificate prior to the specified distribution date. In such case, Private Investors receive the full amount of the distribution without any deduction of withholding tax.

In the event that Private Investors submit the exemption request or the non-assessment certificate to their domestic paying agents not in time, the domestic paying agent may request to amend the self-assessment tax return or to reduce the next self-assessment tax return; in such cases, deducted amounts will be credited to the Private Investor's account. Furthermore Private Investors may apply for a tax certificate from the paying agent in respect of the tax deduction as well as the solidarity surcharge retained and paid. In this case the Investor may in his assessment to income tax credit the tax withheld against his personal tax liability.

If the Sub-fund retains its earnings or does not distribute sufficient amounts to cover the maximum tax to be withheld, the deduction of withholding tax will be “caught up” in the case of a redemption or sale of Shares if the Shares in the Sub-fund are held with a domestic paying agent.

If the Shares in the Sub-fund are held in an account outside Germany (foreign account), no German withholding tax will be deducted. However, it is possible that earnings of the Sub-fund are subject to withholding tax under the EU Savings Directive (see also Section A.3 above headed “EU Savings Directive”). Regardless of this, any taxable distributed earnings or deemed distributions in such case are assessed for income tax at a corresponding flat rate of 26.375% (subject to the option to be taxed based on individual progressive tax rates).

If Shares in the Sub-fund are not held in an account at all (*i.e.* they are held directly by the owner) and the relevant dividend coupons are presented for payment to a domestic paying agent, tax will also be deducted at a rate of 26.375% (including solidarity surcharge). For Shares held in this way, unlike for those held in accounts, it is not possible to submit an application for tax exemption or a non-assessment certificate in order to get a reimbursement of any tax deducted.

In the event that the tax exemption application or the non-assessment certificate is not submitted or not in time, or in the case of Shares held directly by the owner, the investor will receive a tax certificate from the domestic paying agent setting out the amount of the tax withheld and paid (including the solidarity surcharge). Private Investors then have the option (to be exercised in the income tax return) to be assessed with their investment income at the corresponding flat income tax rate of 26.375% and to have the withholding tax offset.

Private Investors are also able to apply for a tax assessment and the deduction of withholding tax in other cases, e.g. in order to assert losses from other accounts or loss carry-forwards or in general to check whether withholding tax was correctly applied or the correct amount withheld.

Private Investors are also able to opt for a tax assessment, *i.e.* they may apply to be taxed at their lower individual income tax rate. This rate option may only be requested to be applied to all investment income in a given assessment period.

**22.2.4.1.8 If Private Investors pay church tax, this is levied as a surcharge to withholding tax if this is requested by the investor in writing. In such case, the withholding tax rate is reduced by 25% of the church tax due on the investment income. Private Investors subject to church tax who have not made this written request have to include their investment income in their tax return and will then be assessed to church tax. Church tax is then deductible as a special expense (*Sonderausgabe*).**

#### 22.2.4.2 Income-related expenses for investors

Any expenses economically relating to the investment in the Sub-fund and incurred by a German Private Investor may not, under any circumstances, be set-off against earnings of the Sub-fund, other investment income or income falling under other schedules. Depending on the amount of these expenses, particularly in the case of debt interest from refinancing investment in the Sub-fund, the real tax burden can therefore be considerable and tax may even be due in the event the return of such leveraged investment in the Sub-fund is finally negative.





### 22.2.4.3 Disposal or redemption of Shares in the Sub-fund in the case of Private Investors

#### 22.2.4.3.1 Profits from the disposal or redemption

If Shares in the Sub-fund are redeemed or sold, the taxation of capital gains depends on when they were purchased:

##### 22.2.4.3.1.1 Purchase prior to 1 January 2009

If the Shares were purchased by a Private Investor prior to 1 January 2009, the following rules apply (unless any special provisions apply - see below): No tax is due on any profits from the disposal or redemption of Shares in the Sub-fund in the hands of Private Investors if they were held for more than 12 months, except for the interim profit (see also Section “Interim profit (*Zwischengewinn*)”). If Shares in the Sub-fund are sold within the 12-month period, profits will continue to be subject to the individual progressive tax rate of up to 44.31% or, if taxable income exceeds EUR 250,001/ EUR 500,002 in the case of joint assessments, 47.475% (top tax bracket or *Reichensteuer*) (each including solidarity surcharge and, where applicable, excluding church tax). No tax is payable on any profits which, together with any other income from private sales transactions in the same calendar year, are below EUR 600 (de-minimis limit).

Special provisions may apply to Shares in the Sub-fund purchased by a Private Investor prior to 1 January 2009 under certain circumstances:

For any shares purchased after 9 November 2007 and prior to 1 January 2009 in foreign special funds (*ausländische Spezial-Investmentvermögen*) and any funds which may only be entered by natural persons qualifying as well-informed investors or subject to a minimum investment of EUR 100,000 or more (as laid down by law, the articles of incorporation, the articles of association or contractual terms), any profits from the disposal or redemption of such shares are, in principle (*i.e.* subject to a cap provision), fully subject to the flat tax regime, regardless of whether or not they were held for more than 12 months (sec. 18 para. 2a of the ITA). However, taxable capital gains are capped to the amount of certain retained profits the fund has generated from the sale of securities and from derivative transactions which it acquired or entered into after 31 December 2008, provided that such lower amount can be proven by the Private Investor.

The German tax authorities take the view that this special provision should also apply to shares held by those investors whose investment amount is actually at least EUR 100,000 if a “substantial part of the assets” of a fund are held by not more than ten investors.

Whether this special provision applies to the Sub-fund, depends, based on the interpretation of the tax authorities, on the number of investors in the Sub-fund. The special provision is also applicable if the Sub-fund may only be entered by natural persons qualifying as well-informed investors as determined by law, the articles or other fund documents. The special rules are not triggered by the mere fact that an investor is actually well-informed; rather, the special provision only applies if the expertise is specifically required for an investment in the respective fund.

Another special provision applies to funds open to the public the investment policy of which is to generate a money market return and whose profits from derivative transactions and the disposal of securities exceeds its “ordinary profits” (according to the financial report of the financial year ending prior to 19 September 2008). If Private Investors receive profits from the redemption or disposal of shares in such a tax optimized money market fund, such profits will be subject to the flat tax regime even if such shares were acquired prior to 2009. Grandfathering rules apply to Private Investors who acquired shares in such money market funds before 19 September 2008: They can redeem or dispose of their shares free of tax until 10 January 2011 (assuming that the 12-month-period has expired, except for the interim profit) or, if they redeem or dispose of shares at a later date, only an increase in value since 10 January 2011 is subject to tax.

##### 22.2.4.3.1.2 Purchase after 31 December 2008

Profits made by Private Investor from the disposal or redemption of Shares in the Sub-fund are subject to tax (flat tax rate of 26.375% including solidarity surcharge plus church tax, if applicable) (subject to the option to be taxed based on individual progressive tax rates). Taxable earnings are then adjusted by, *inter alia*, deemed distributions (which have already been subject to tax) and the interim profit (which as such is subject to tax, see also Section “Interim profit (*Zwischengewinn*)”). Any resulting taxable profits from the redemption or disposal are subject to withholding tax or, in the case of Shares held in a foreign account, income tax at the corresponding flat rate of 26.375%; the comments made in Section “Withholding tax deduction” apply *mutatis mutandis* in this regard. If taxable earnings of the Sub-fund, together with any other investment income, do not exceed the de-minimis amount of EUR 801 or EUR 1,602 (for joint assessments) per year, these amounts are not subject to tax.

##### 22.2.4.3.2 Interim profit (*Zwischengewinn*)

The interim profit paid when Shares are acquired is deductible in the year of payment as negative income and reduces the amount subject to withholding tax where the Shares are held in a domestic account. These rules only apply if, at least for tax purposes, an income equalisation method is continuously applied for calculating all tax data (interim profit, distributions and deemed distributions) and if the interim profit publication indicate that an income equalisation method has been applied for calculating the interim profit.



Regardless of when Shares in the Sub-fund are purchased, the interim profit is subject to the flat-rate regime at the time the Shares are redeemed or sold. The interim profit comprises interest and similar income generated by, or accrued at level of, the Sub-fund which has not yet been distributed or (at the end of the Sub-fund's fiscal year) attributed to investors.

The interim profit is subject to withholding tax or, in the case of Shares held and sold or redeemed via a foreign account, to income tax at the corresponding flat rate of 26.375% (subject to the option to be taxed based on individual progressive tax rate); Section "Withholding tax deduction" applies *mutatis mutandis* in this regard.

If the interim profit is not published on each valuation day, the interim profit is deemed to be 6% of the proceeds from redemption or disposal of Shares. This lump-sum calculation shall apply, in the view of the tax authorities, on a *pro rata* basis according to the period of time the Shares have been held.

#### **22.2.4.3.3 Deferred taxation provisions**

For Private Investors who purchased Shares in the Sub-fund after 31 December 2008, a deferred taxation applies to distributed earnings from the sale of securities and derivative transactions the Sub-fund has acquired or entered into prior to 1 January 2009. The resulting taxable amount subject to deferred taxation is subject to withholding tax or, in the case of Shares held in a foreign account, income tax at the corresponding flat rate of 26.375%; Section "Withholding tax deduction" applies *mutatis mutandis* in this regard.

#### **22.2.5 Taxation of commercial investors in Germany**

The following section applies to natural persons domiciled or ordinarily resident in Germany holding Shares in the Sub-fund as part of their business assets and companies having their registered office or place of management in Germany (collectively "Commercial Investors").

Any taxable earnings of the Sub-fund and capital gains are subject to trade tax (*Gewerbesteuer*), save for certain exceptions set out below, and for natural persons to income tax at progressive rates up to a maximum of 44.31% or, in the taxable income exceeds EUR 250,000/ 500,002 in case of joint assessment, of 47.475% (top tax bracket or *Reichensteuer*) (in each case including solidarity surcharge plus, as the case may be, church tax) (with trade tax being compensated for in a simplified procedure and including solidarity surcharge and, where applicable, excluding church tax) or, in the case of incorporated companies, corporate income tax (*Körperschaftsteuer*) at a rate of 15.825% (including solidarity surcharge).

#### **22.2.5.1 Taxation of earnings in the Sub-fund during the holding period in the case of Commercial Investors**

##### **22.2.5.1.1 Interest and similar income**

Any interest and similar income is subject to tax in the hands of Commercial Investors. These amounts are taxable upon distribution if they are resolved to be distributed not later than 4 months after the end of the fiscal year in which they were generated by the Sub-fund, or otherwise, *i.e.* if they are retained by the Sub-fund or resolved to be distributed later, at the end of such fiscal year.

##### **22.2.5.1.2 Income on sale of securities, capital gains from derivative transactions and option premiums**

Commercial Investors are not required to pay tax on income from the disposal of shares and equity-like *jouissance* rights as well as capital gains from derivative transactions and option premiums if such income is retained by the Sub-fund.

Furthermore, retained profits from the disposal or redemption of certain debt instruments are not subject to tax, which debt instruments include:

- debt instruments with a fixed issue yield such as zero bonds;
- floater, reverse-floater, down-rating bonds and similar debt instruments with fixed or variable interest rates that are repayable at par or with a discount unless such discount only serves to adjust the issue price to market interest rates;
- full-risk certificates tracking "1 to 1" the performance of a share in a public company or a published index comprising several such shares;
- exchangeable notes, convertible bonds and reverse convertible bonds;
- profit-linked bonds and debt-like *jouissance* rights; and
- bonds with warrants attached.

Accrued interest and other income components from such debt instruments are subject to tax as interest income.

Retained profits from the disposal or redemption of other debt instruments are, in contrast, subject to tax in the case of Commercial Investors. This applies in particular to other full-risk certificates not mentioned above (*i.e.* certificates other than certificates tracking "1 to 1" the performance of a share in a public company or a published index comprising several such shares). However, grandfathering rules apply to full risk certificates the Sub-fund has acquired before 1 January 2009.

Profits from the disposal or redemption of the debt instruments listed above and profits from derivative transactions as well as option premiums will be fully taxable in the hands of Commercial Investors upon distribution.





If capital gains from the disposal of shares and equity-like *jouissance* rights are distributed, they are subject to tax at the level of the investor, but 95% of such profits are effectively tax-exempt for incorporated companies and 40% of such capital gains are tax-exempt for natural persons (so-called “partial income method” – *Teileinkünfteverfahren*).

An exception is made under the German REIT Act for profits made on the disposal of shares in German REIT companies and shares in certain foreign REIT corporations, associations and asset pools. Such profits are subject to tax at the full rate.

#### **22.2.5.1.3 Dividends**

95% of dividends distributed or retained by the Sub-fund are effectively exempt from corporate income tax in the case of incorporated companies if and to the extent that the Sub-fund has received these dividends until 28 February 2013. In case the distribution has been received by the fund after 28 February 2013, dividends distributed or retained by the Sub-fund are fully taxable in the case of incorporated companies. In the case of natural persons, 40% of such dividend distributions are exempt from income tax irrespective of the time the Sub-fund received such dividend distribution (partial income procedure – *Teileinkünfteverfahren*). For all types of business investors, dividend distributions are generally subject to trade tax in the view of the German Federal Ministry of Finance. These amounts are taxable upon distribution if they are resolved to be distributed not later than 4 months after the end of the fiscal year in which they were generated by the Sub-fund, or otherwise, *i.e.* if they are retained by the Sub-fund or resolved to be distributed later, at the end of such fiscal year.

An exception is made under the German REIT Act for distributions made by German REIT companies and certain foreign REIT corporations, associations and asset pools. Such distributions are subject to tax at the full rate.

#### **22.2.5.1.4 Other returns**

Commercial Investors are required to pay tax on any other earnings generated by the Sub-fund. These amounts are taxable upon distribution if they are resolved to be distributed not later than 4 months after the end of the fiscal year in which they were generated by the Sub-fund, or otherwise, *i.e.* if they are retained by the Sub-fund or resolved to be distributed later, at the end of such fiscal year.

#### **22.2.5.1.5 Foreign withholding tax**

Earnings of the Sub-fund from foreign sources, in particular dividends, may suffer withholding tax in some of the jurisdictions.

The Sub-fund has the option to deduct any withholding tax which otherwise would have been creditable as expenses. Commercial Investors are not entitled to a credit for foreign withholding tax in such case. If this option to deduct foreign withholding tax is not exercised by the Sub-fund, any such withholding tax should be deductible when determining the investor's income on its request or may be credited against the part of the Commercial Investor's German income tax or corporate income tax on the taxable earnings of the Sub-fund subject to foreign taxation. Foreign withholding taxes on dividends are not creditable for companies and only 60% of such withholding tax in the case of natural persons. Such taxes are not creditable against trade tax.

#### **22.2.5.1.6 Negative taxable earnings**

Any negative earnings which may not be set-off against positive earnings of the same type at the level of the Sub-fund will be carried forward by the Sub-fund. These negative earnings may be set off by the Sub-fund with future positive taxable earnings of the same type generated in subsequent years (the tax authorities formed several categories of earnings belonging to “the same type”). It is not possible to allocate negative taxable earnings to Commercial Investors directly.

#### **22.2.5.1.7 Repayment of capital**

Capital repayments made by the Sub-fund are not subject to tax. Distributions made by the Sub-fund are treated as capital repayments if the Company proves that the Sub-fund has not earned any distributable earnings within the meaning of the ITA in the current or any previous fiscal year and capital repayments are published as required. Capital repayments received by a Commercial Investor during the time he holds Shares in the Sub-fund increase the taxable proceeds from the disposal of Shares in the Sub-fund, *i.e.* they increase the taxable capital gain.

#### **22.2.5.1.8 Withholding tax**

The above comments on withholding tax set out in Section “Withholding tax deduction” with regard to Private Investors apply to Commercial Investors *mutatis mutandis*, subject to certain exemptions. For instance, unlike in the case of Private Investors, foreign taxes are not set-off by a German paying agent against withholding tax on earnings distributed or attributed to Commercial Investors.

However, the domestic paying agent will not deduct withholding taxes in particular as far as the following profits are distributed to incorporated companies or other Commercial Investors (if such other Commercial Investors declare on an official form that such profits are generated within their domestic business activities): Dividends paid by non-German companies, profits from the disposal (or redemption, as the case may be) of shares, certain debt instruments as well as derivative transactions.



Further, tax is not withheld if a corresponding non-assessment certificate has been submitted. Otherwise, the investor receives a tax certificate from the domestic paying agent specifying the tax withheld. Unlike for Private Investors, withholding tax does not have any final effect for Commercial Investors, but may be credited or refunded when they are assessed to tax.

## **22.2.5.2 Disposal or redemption of Shares in the Sub-fund in the case of Commercial Investors**

### **22.2.5.2.1 Profits from the disposal or redemption**

Commercial Investors are required to pay tax on any profits from the disposal or redemption of Shares in the Sub-fund, irrespective of how long Shares have been held, subject to an adjustment for the share profit.

#### **22.2.5.2.2 Share profit**

The taxable profit or loss from the sale or redemption of Shares in the Sub-fund is adjusted by the part of proceeds from such redemption or sale relating to the share profit attributable to the holding period, *i.e.* the share profit upon sale or redemption less the share profit upon acquisition of the Shares.

The share profit represents the percentage, calculated on each valuation day, of the dividends and realised and unrealised increase in the value of shares and other participations (with the exception of German REIT companies and certain other foreign REIT corporations, associations and asset pools) which have not been distributed or attributed to the Commercial Investor.

In the case of a positive share profit attributable to the holding period, effectively 95% of such amount from the redemption are tax-exempt for incorporated companies and 40% for natural persons. In the case of a negative share profit attributable to the holding period, *e.g.* due to a decrease in value, the redemption profit will be increased by this amount on which companies are required to pay tax on the full additional amount and natural persons are required to pay tax on 60% of such amount.

#### **22.2.5.2.3 Interim profit**

According to a circular issued by the Federal Ministry of Finance, the acquisition price of Shares is not adjusted by the interim profit paid by Commercial Investors, nor is the sale price adjusted by the interim profit received.

The interim profit is not subject to withholding tax if realised by an incorporated company. The same applies if it is realised by another Commercial Investors, provided that he declares on an official form vis-à-vis the paying agent that those interim profits are operating revenues of his domestic business. Otherwise, the interim profit is subject to withholding tax at a rate of 26.375% (including solidarity surcharge) in accordance with the conditions set out in Section “Withholding tax deduction”. In principle, such withholding tax is creditable or refundable for Commercial Investors. Profits generated by incorporated companies or other Commercial Investors on redemptions or sales are not subject to withholding tax (if such other Commercial Investors declare on official form that such profits are generated within their domestic business activities).

## **22.2.5.3 Banks, financial services institutions, finance companies, insurers and pension funds**

Special provisions may apply to domestic investors qualifying as banks, financial services institutions or finance companies within the meaning of the German Banking Act (*Kreditwesengesetz*, KWG) and to insurers, pension funds and tax-exempt investors.

### **22.2.5.4 Non-resident taxpayers**

Non-resident taxpayers are generally required to pay tax in their country of residence. Non-resident taxpayers presenting their Shares with a German paying agent (bank or financial services institution) are subject to German tax on any earnings of the Sub-fund paid or credited by such paying agent. These earnings are subject to withholding tax (plus solidarity surcharge). The tax obligations of non-resident taxpayers in Germany are discharged by the payment of withholding tax. Non-resident taxpayers may be able to offset the German withholding tax against the tax due in their country of residence.

If a non-resident taxpayer holds Shares in the Sub-funds in a securities account with a bank in Germany, such paying agent will usually not deduct any withholding tax if it is aware of the account holder's non-resident status based on the information regarding residence provided when the account was opened.

## **PART II: SUB-FUNDS**

Part II of this Prospectus is not complete and is qualified in its entirety by, and must be read in conjunction with, the information contained in Part I of this Prospectus relating to the Company generally as well as the more detailed information included in the Company's Articles.

### **1. Provisions applicable to Oaktree European Senior Loan Fund**

The following provisions of this Part II contain specific information regarding matters relating to the Oaktree European Senior Loan Fund (hereinafter referred to below as the "Sub-fund").

## 23 summary of terms

Sub-fund	The Company is issuing the Classes of Shares in the Sub-fund as described under "Offer of Shares" below. The Sub-fund has been established for an unlimited period.
Investment Objective	The investment objective of the Sub-fund will be to achieve an attractive total return by investing in a diversified portfolio of bank loans and other senior debt obligations of borrowers that are organized or have a substantial portion of their operations, assets or business located in Europe and whose debt is rated as below investment grade. The Sub-fund will invest primarily in euro-denominated bank loans and other senior debt obligations, but will hold investments denominated in other currencies as well. Unlike more aggressive strategies that focus on the debt, including senior secured debt, of issuers expected to default, reorganize or experience difficulty repaying their debts, the Sub-fund focuses its investments on the senior secured debt of issuers not expected to default, reorganize or experience difficulty repaying their debts. Investors seeking the higher returns potentially associated with such "distressed" strategies should not invest in the Sub-fund. There can be no assurance that the Sub-fund will realize its objectives on its overall investment portfolio or with respect to any individual investment.
Investment Manager	The Investment Manager of the Sub-fund is Oaktree Capital Management (UK) LLP, a limited liability partnership incorporated under the laws of England and Wales, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom. <i>See</i> Section headed "Investment Manager" in Part I of this Prospectus.
Portfolio Management Fee	<p>All Class I Shares (hedged and non-hedged) shall pay to the Investment Manager a monthly Portfolio Management Fee in advance, which is equal to 1/12 of 0.50% of the relevant Class' NAV as of the beginning of each month.</p> <p>All Class I2 Shares (hedged and non-hedged) shall pay to the Investment Manager a monthly Portfolio Management Fee in advance, which is equal to 1/12 of 0.45% of the relevant Class' NAV as of the beginning of each month.</p> <p>All Class I3 Shares (hedged and non-hedged) shall pay to the Investment Manager a monthly Portfolio Management Fee in advance, which is equal to 1/12 of 0.40% of the relevant Class' NAV as of the beginning of each month.</p> <p>All Class I4 Shares (hedged and non-hedged) shall pay to the Investment Manager a monthly Portfolio Management Fee in advance, which is equal to 1/12 of 0.35% of the relevant Class' NAV as of the beginning of each month.</p> <p>All Class R Shares (hedged and non-hedged) shall pay to the Investment Manager a monthly Portfolio Management Fee in advance, which is equal to 1/12 of 1% of the relevant Class' NAV as of the beginning of each month. The Portfolio Management Fee of these Share Classes covers the distribution fee of 0.50%.</p> <p>All Class E Shares (hedged and non-hedged) shall pay to the Investment Manager a monthly Portfolio Management Fee in advance, which is equal to 1/12 of 0.60% of the relevant Class' NAV as of the beginning of each month.</p> <p>It is intended that the Portfolio Management Fee be payable with respect to the NAV of a Shareholder's Shares for a period of at least 12 months from the date such Shares are subscribed. If a Shareholder redeems any Shares held by it prior to the end of such 12-month period, then such Shareholder will be required to pay to the Investment Manager, as a deduction against the redemption proceeds, the "Unpaid Minimum Management Fee," which shall be calculated as an amount equal to the difference of (a) respectively 0.50%, 1% or 0.60% of the NAV per Share in effect when the Shares were subscribed minus (b) the amount of the Portfolio Management Fee actually paid on such Shares prior to the Redemption Date, but in no event shall such Unpaid Minimum Management Fee be less than zero. The Unpaid Minimum Management Fee is intended to compensate the Investment Manager for its overhead in providing liquidity earlier than anticipated.</p>
Hedging	For the portion of the Sub-fund's investments that are denominated in currencies other than Euro, the Sub-fund expects to use its commercially reasonable efforts to implement an appropriate hedging strategy (as determined by the Investment Manager in its discretion) to hedge the value of such non-Euro assets to Euro. However, due to the complexity of the Sub-fund's underlying investments, fluctuations in asset prices and the availability of suitable hedging alternatives and



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counterparties, among other things, there can be no guarantee that the Sub-fund will not experience some exposure to currency fluctuations.

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#### Permitted Investments

The permitted investments in the Sub-fund are:

Bank Loans that rank *pari passu* with all other senior, unsubordinated debt of the borrower and other securities and obligations having terms and security akin to that typically associated with senior Bank Loans (including, without limitation, bonds, floating rate notes, bridge loans and guarantees), including assignments of and participations in such securities or obligations.

Bank Loans will be purchased by the Sub-fund (i) in the primary market through participating in syndicated loans with the arranging bank and (ii) in the secondary market by purchasing existing loans from the initial bank lender or one of its transferees. The Sub-fund's interest in the loan will be evidenced by a book entry on the books and records of a syndication agent bank and/or by a note or other instrument. Such evidence will reflect an obligation of a debtor to repay the principal amount of the loan and interest thereon to the Sub-fund pursuant to the relevant loan agreement. In case of any default that may arise under the loan agreement, the Sub-fund has the right, subject to the terms of the relevant loan agreement, to participate in any action by the bank group or on its own to enforce its rights. These rights will be unaffected by whether the Sub-fund obtained its interest in the primary or secondary market.

The Bank Loans that the Sub-fund will purchase will usually be secured by the assets of the debtor, but in certain circumstances the Sub-fund may purchase Bank Loans that are unsecured or under-secured if the Investment Manager determines that the potential returns outweigh the associated risk. The Sub-fund may invest in lower quality debt but is however not permitted to buy Bank Loans that are in default at the time of the purchase.

In addition, the Investment Manager will use its extensive credit experience so that all investments in Bank Loans are continuously monitored based on public and/or private economic, business and financial information to ensure the Investment Manager's satisfaction with the credit risk of the borrower to whom the amounts related to the Bank Loans instruments were initially advanced. In that respect, the Investment Manager will dispose itself of adequate and necessary information to make an informed decision regarding the Bank Loans at the time of the purchase and for the entire holding period.

Investments in Bank Loans are subject to substantial risks (see Section headed "Risk Factors" in Part I of this Prospectus).

Notwithstanding the Investment Restrictions set forth below, any debt or equity instrument (including but not limited to common stock, preferred stock (including convertible preferred stock), options or warrants to purchase the foregoing) (i) where included in a unit with, or attached to, another Permitted Investment, (ii) upon conversion of a convertible security or exercise of a warrant or option, (iii) where received in a reorganisation, restructuring or other exchange transaction, or (iv) where purchased or otherwise obtained in connection with or in anticipation of a recapitalisation or other financial restructuring transaction involving a pre-existing investment.

Loans to debtors in possession.

Any contracts to purchase securities or obligations on a "when issued" or on a "forward delivery" basis.

Currency Contracts to hedge against changes in foreign currency exchange rates in connection with investments made by the Sub-fund and in connection with the settlement or facilitation of transactions in securities or obligations denominated in foreign currencies.

Repurchase Agreements.

Holding Entities. The Sub-fund's acquisition of interests in Holding Entities will be limited to either (i) 30% or less of the equity of the Holding Entities (the "30% Holding Entities") or (ii) 100% of the equity of the Holding Entities (the "100% Holding Entities").

The Sub-fund's acquisition of interests in 30% Holding Entities themselves shall be subject to the investment restrictions set forth below (apart from the limit prohibiting the Sub-fund to acquire more than 20% of the securities of the same kind issued by the same issuing body).

The Sub-fund's acquisition of interests in 100% Holding Entities themselves shall not be subject to the investment restrictions set forth below. In such case, the investment restrictions, by virtue of the general transparency principle, will apply to the 100% Holding Entities' portfolios as if the 100% Holding Entities would not exist, provided, however, that (i) to the extent required under applicable laws and regulations, the accounts of such 100% Holding Entities are audited by the

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Auditor or, alternatively, auditors affiliated with the Auditor and that (ii) the board of directors of such 100% Holding Entity is in majority composed by members of the Board of Directors or of representatives of the Promoter or of the Investment Manager or any of their affiliates.

Holding Entities will in principle be established in the Grand Duchy of Luxembourg. Should the Sub-fund acquire interests in Holding Entities established abroad, this Prospectus will be amended accordingly.

Investments in the securities or obligations of (a) a person or entity in which the Sub-fund has previously invested or (b) a person or entity whose business is related or complementary to that of a person or entity in which the Sub-fund has previously invested and that the Board of Directors has determined in its discretion is appropriate or necessary for the Sub-fund to make for the purpose of preserving, protecting or enhancing such prior investment.

Pending the purchase of other investments permitted by the Sub-fund, or to provide for any required reserves (as described below), temporary investments in one or more unaffiliated money market mutual funds or directly in certificates of deposit, commercial paper, interest bearing government backed or guaranteed securities and other short term instruments.

Holdings of securities contributed by Shareholders (which shall be at the Board of Directors's discretion) which (i) currently are held by the Sub-fund or (ii) constitute a Permitted Investment and satisfy the investment restrictions set forth below. See sub-section headed "Special Provisions Relating to In-kind Contributions" in Part I of this Prospectus.

The Sub-fund also may hold in reserve such amounts of cash, demand deposits, short-term marketable securities and other cash equivalents and liquid investments as the Investment Manager deems necessary or appropriate to discharge or to provide for the anticipated debts, liabilities and obligations of the Sub-fund.

#### Investment Restrictions

Notwithstanding the investment powers and restrictions set forth under Annex A, section II), the Sub-fund will be authorised to invest up to 100% of its assets in securities not listed on a stock exchange nor dealt in another regulated market which operates regularly and is recognised and open to the public.

After the period beginning on the date of the Initial Offering (as hereinafter defined) and ending on the date that is six months after (the "Initial Investment Period"), the Sub-fund:

Will not invest greater than 5% of its NAV in obligations of any one issuer (except securities issued or guaranteed by a member state of the OECD or their local authorities or public international bodies with EU, regional or worldwide scope, and securities permitted under item 10 of "Permitted Investments" above).

Will not invest greater than 25% of its NAV in obligations of issuers primarily engaged in one industry.

In addition, at all times following the date of the Initial Offering, the Sub-fund:

Will not acquire more than 20% of the issue size of a single issue of securities or obligations.

Will not invest in voting equity securities of any issuer representing greater than 20% of the outstanding voting securities of such issuer (or greater than such lesser percentage of securities which does not result in the Sub-fund acquiring control or management thereof).

Will not, except as described above in "Permitted Investments", purchase stocks, warrants or options to acquire common stocks.

Will not write options or engage in transactions in futures contracts or options on futures contracts other than for currency hedging purposes related to the investments of the Sub-fund.

Will not purchase securities on margin or otherwise borrow funds for the purpose of purchasing securities or obligations.

Will not make loans of the Sub-fund's securities or obligations to any member of Oaktree Capital Management, L.P. or the Investment Manager or any affiliated company or person.

Will not invest greater than 10% of its NAV in other undertakings for collective investments. For the avoidance of doubt, this restriction does not apply to short-term investments in money market mutual funds.

Unless otherwise specified, all investment restrictions will be applied only at the time of the initial investment in any asset in accordance with the most recently available NAV. The failure of any asset to continue to comply with the foregoing investment requirements and restrictions for reasons beyond the control of the Investment Manager or as a result of the exercise of

subscription or redemption rights shall not be considered as a violation of such requirements and restrictions, except as required by Luxembourg law. In such case, the Investment Manager will adopt as a priority objective for its sales transactions the remedying of that situation, taking into account the interests of its Shareholders. The Sub-fund will also comply with the Investment Restrictions set forth in Annex A to this Prospectus.

#### Leverage and Borrowing

The Sub-fund may use derivative instruments to hedge against changes in foreign currency exchange rates, but does not intend to generate leverage through derivative instruments. The Sub-fund may borrow up to 25% of its total net assets, and then only from financial institutions and on a temporary basis for cash management purposes and / or in connection with satisfying redemption requests.

The maximum level of leverage which the Sub-fund may employ is 225% in accordance with the gross method of the total net assets.

#### Offer of Shares

The Sub-fund currently offers the following Classes of Shares to investors:

Sub-Fund (Reference Currency)	Share Class	Minimum Holding (in the relevant Share Class currency)	Maximum Subscription Fee	Maximum Management Fee (per annum)	Performance Fee
Oaktree European Senior Loan Fund (EUR)	E	1,000,000	3%	0.60%	nil
	I	3,000,000	3%	0.50%	nil
	I2	50,000,000	3%	0.45%	nil
	I3	100,000,000	3%	0.40%	nil
	I4	200,000,000	3%	0.35%	nil
	R	125,000	3%	1%	nil
	Z	NA	nil	nil	nil

#### Classes of shares

Each Share Class is identified by a basic Class designation (R, E, I, I2, I3 or I4). Where appropriate, one or more suffixes (defined in section headed “Share Class Suffixes” below) may be added to indicate certain characteristics. For example, “*1h USD inc*” designates I Shares that are hedged and denominated in US dollars and Distribution Shares.

The table below illustrates how the Share Class designations and suffixes work together to indicate the nature of a Share Class.



Share Class Designation	Hedging Policy Suffix	Share Class	Currency Suffix	Distribution Policy Suffix
E	Unhedged	No		Growth <i>acc</i>
I				
I2	<i>Or</i>	Share	Relevant three letter currency abbreviation e.g. EUR / USD	<i>Or</i>
I3		Currency		
I4				
R	Portfolio Hedged	<i>h</i>		Distributing Shares <i>inc</i>
Z				

## Share Class Designations

The Share Class designations are as follows:

- E** Retail investors that invest through financial intermediaries which:
- According to regulatory requirements are not allowed to accept and keep trail commissions (in the European Union this will include financial intermediaries providing discretionary portfolio management or investment advice on an independent basis);
  - Are rendering non-independent advice and which according to individual fee arrangements with their clients are not allowed to accept and keep trail commissions; or
  - Are providing restricted investment advice within the meaning of the UK Retail Distribution Review (RDR).

**I, I2, I3 and I4** Institutional Investors at the Company's discretion. Investors must demonstrate that they qualify as Institutional Investors by providing sufficient evidence of their status.

Class I Shares, Class I2 Shares, Class I3 Shares and Class I4 Shares may not be purchased or held through fee-charging platforms or intermediaries. Should an existing investor's account become liable to bear a platform or financial intermediation fee, the Company may enforce a conversion into another Share Class in which such investor is entitled to hold Shares, which may have a higher Portfolio Management Fee.

Insofar as financial intermediaries and/or nominees hold Shares for the account of their clients, the minimum investment requirement must be met at the level of the client.

If one or more redemptions by an Institutional Investor result in it holding less than the minimum investment amount, the Company may enforce a conversion into another Share Class in which such Institutional Investor is entitled to hold Shares, which may have a higher Portfolio Management Fee.

**R** All investors.

**Z** Institutional Investors that have concluded an asset management or other similar agreement, or that invest through a financial intermediary that has signed a





cooperation agreement, at the Company's discretion. Investors must demonstrate that they qualify as Institutional Investors by providing sufficient evidence of their status.

No management fee. A management fee will be payable under the relevant asset management, cooperation or other similar agreement. If such agreement is terminated, the Company will enforce a conversion into another Share Class in which such investor is entitled to hold Shares, which may have a higher PortfolioManagement Fee.

Not all Share Classes may be available in all Sub-Funds. The current application form identifies the Share Classes that are available in each Sub-Fund.

## 24 share class suffixes

The Share Class suffixes are as follows:

<i>acc</i>	Growth shares. There will be no dividends paid in respect of growth Share Classes.
<i>inc</i>	Distributing shares. Distributing shares distribute substantially all income earned by such shares over a distribution period after the deduction of any fees and expenses attributable to such shares.
<i>h</i>	<p>Hedged shares. Hedged shares are issued in one or more alternative currencies at the Board's discretion. The relevant Sub-Fund will hedge the Sub-Fund's Reference Currency to the hedged share class currency (without reference to the currency exposures of the Sub-Fund's portfolio).</p> <p>Hedged Share Classes will bear the specific costs resulting from the currency hedging.</p>

The Share Class currency is indicated by a three letter abbreviation (such as, CHF or EUR).

The Board may, at any time, issue Share Classes as distributing or growth shares or in any additional freely convertible currency.

After the Initial Offering of each Class of Shares, additional subscriptions for Shares of the relevant Class will be offered to investors on a monthly basis. See "Subscription Procedures" below.

After their respective Initial Offering, Shares of all Classes shall be sold at the applicable NAV per Share (adjusted, if applicable) in effect on the Subscription Date.

Shares of the Hedged Classes shall be sold at the equivalent in the relevant Dealing Currency of the applicable NAV per Share in effect on the Subscription Date as adjusted for hedging gains and losses applicable to each Hedged Class, it being understood that the conversion in the relevant Dealing Currency will be made at the exchange rate available at the time of subscription.

The Shares will be issued in registered form only and may be issued with fractional entitlements of up to three decimal places.

The reference currency of the Sub-fund shall be the Euro.

### Subscription Procedures

Following the Initial Offering, the Sub-fund may permit new investors and Shareholders to purchase Shares as of the last Business Day of any month and/or any other business day in Luxembourg as the Board of Directors may in its absolute discretion determine for the purpose of the calculation of the NAV (a "Subscription Date").

Shares of each Class shall be issued on the Subscription Date at the NAV per Share (adjusted if applicable) in effect as of the close of business on the relevant Subscription Date, provided that Shares of Hedged Classes shall be issued on the Subscription Date at the equivalent in the relevant Dealing Currency of the applicable NAV as adjusted for hedging gains and losses applicable to each Hedged Class. Prospective investors wishing to purchase Shares in the Sub-fund should execute and forward to the Registrar and Transfer Agent or the relevant Distributor a completed subscription agreement including two fully executed signature pages thereto prior to 3 pm CET on the Subscription Date. Existing Shareholders should notify the Registrar and Transfer

	<p>Agent in writing of their intention to purchase additional Shares prior to 3 pm CET on the Subscription Date. The Board of Directors may reject any subscription, in whole or in part, in its sole discretion. All Share subscriptions must be fully funded by the close of business on the fourth Business Day immediately after the Subscription Date. On or as of the date when any Shareholder purchases or receives additional Shares of the Sub-fund, such Shareholder will reconfirm to the Company that every representation and warranty made by such Shareholder in its subscription agreement is true and complete as of such date.</p>
Redemptions of Shares	<p>Each Shareholder shall have the right to request redemption of such Shareholder's Shares in the Sub-fund, effective as of the last business day of each month (a "Redemption Date"). Redemption requests must be submitted in writing to the Registrar and Transfer Agent prior to the close of business in Luxembourg (<i>i.e.</i> 3 pm CET) no less than 30 but no more than 180 Business Days prior to the relevant Redemption Date. Redemption requests are irrevocable once delivered and must be unconditional. Any redemption request that purports to be revocable or conditional may be ignored or treated as irrevocable and unconditional, in the sole discretion of the Board of Directors. Redemptions of Shares will be effected at a price based on the NAV per Share of the relevant Class as of the close of business on the applicable Redemption Date (the "Redemption Price") less an amount equal the Unpaid Minimum Management Fee, to the extent attributable to the redeemed Shares.</p> <p>Redemptions of Shares of the Hedged Classes will be effected at the equivalent in the relevant Dealing Currency of the Redemption Price for the respective non-hedged Class based on the applicable NAV per Share as adjusted for hedging gains and losses applicable to each Hedged Class. The conversion in the relevant Dealing Currency will be made at the exchange rate available at the time of payment.</p> <p>Except in certain special circumstances described in Part I of this Prospectus and subject to "Delayed Withdrawal" below, redemption proceeds will be paid to the redeeming Shareholder, without interest, within ten Business Days following the applicable Redemption Date.</p> <p>Redemptions of Class I Shares, Class I2 Shares, Class I3 Shares and Class I4 Shares shall be for a minimum of EUR 1,000,000 or for the value of the Shareholders' Shares if such Shareholders own Shares having an aggregate value of less than EUR 1,000,000.</p> <p>Redemption requests for the Hedged Class I Shares, Hedged Class I2 Shares, Hedged Class I3 Shares and Hedged Class I4 Shares shall be for a minimum of the equivalent in the relevant Dealing Currency of EUR 1,000,000 or for the value of the Shareholders' Shares of the relevant Hedged Class I, Hedged Class I2, Hedged Class I3 and Hedged Class I4 if such Shareholders own Hedged Class I Shares, Hedged Class I2 Shares, Hedged Class I3 Shares and Hedged Class I4 Shares having a value of less than the equivalent in the relevant Dealing Currency of EUR 1,000,000.</p> <p>Any Shareholder redeeming all of its Shares may be required to provide certain tax information to the Company upon such withdrawal.</p>
Delayed Withdrawal	<p>In the event that the Board of Directors has determined in its sole discretion that the market conditions are such that the Net Asset Value should not be suspended but nevertheless it may not be possible to sell significant positions into the market on terms, conditions or prices that the Board of Directors determines are appropriate and acceptable, the Sub-fund may, at the discretion of the Board of Directors taking into account the interests of its Shareholders, delay the satisfaction of redemption requests until the corresponding assets held by the Company have been sold, subject to a maximum period of 12 months from the relevant Redemption Date. If an application for redemption is deferred in accordance with the foregoing, the redemption price shall be determined at the time such application for redemption is effectively satisfied.</p> <p>All Shares that Shareholders have validly requested to redeem as of a specific Redemption Date will be subject to the same redemption schedule, and all redemption of such Shares will be made on a <i>pro rata</i> basis. Any Shares for which withdrawal is delayed shall continue to be treated as outstanding for the purposes of calculating and paying the Management Fee, and the applicable Shareholders will continue to bear the financial risk of an investment in the Sub-fund with respect to such Shares.</p>
Distribution Policy	<p>Distribution Shares</p> <p>The Classes of Shares which are "Distribution Shares" are those specified with a suffix "<i>inc</i>" (each a "Class of Distribution Shares").</p> <p>As of the last Business Day of each calendar quarter, for each Class of Distribution Shares an amount equal to the Net Investment Income (as defined below) attributable to such Class, if any,</p>

accrued by the Sub-fund since the last dividend was paid will be distributed to all Shareholders in proportion to their respective number of Shares in the relevant Class outstanding during the month in which such Net Investment Income was accrued. As of 31 December of each year, Net Realized Capital Gains (as defined below) will be distributed to all Shareholders in proportion to their respective number of Shares in the relevant Class outstanding on 31 December. The Board of Directors may elect from time to time to make such distributions in respect of Net Realized Capital Gains semi-annually. Such distributions shall be deemed distributed to the Shareholder in cash and recontributed to the Sub-fund to purchase additional Shares of the relevant Class based on the relevant NAV per Share of the relevant Class on such date. Any Shareholder may elect by written notice to the Sub-fund at least ten Business Days prior to the end of the applicable calendar quarter, to receive cash in lieu of such additional Shares, in which event distributions will be made within 30 days of the end of the applicable quarter. Unless a Shareholder gives advance proper written notice of a change in its election to receive or not to receive any such distribution in cash, then the selection made in the subscription agreement or in a previously provided proper written notice, whichever is more recent, will prevail. The Company reserves the right (1) to impose limits on the number of elections and revocations made by any Shareholder; (2) to impose service charges with respect to election changes; or (3) otherwise to modify or to terminate the relevant Class' distribution reinvestment policy without the consent of the Shareholders. No distribution will be made if such distribution would violate applicable law.

In addition, additional ad hoc distributions may be decided by the Board of Directors. .

In respect of Class *Ih*, Class *I2h*, Class *I3h*, Class *I4h* Shareholders will receive distributions in the form of additional Shares of the relevant Class *Ih*, Class *I2h*, Class *I3h*, Class *I4h* for an amount equal to the amount in cash distributed based on the relevant NAV per Share of the Class *Ih* Share, Class *I2h* Share, Class *I3h* Share, Class *I4h* Share on such date. Any Shareholder may elect by written notice to the Company and the Administrator at least ten Business Days prior to the relevant Distribution Date determined by the Board of Directors, to receive cash in lieu of such additional Class *Ih* Shares, Class *I2h* Shares, Class *I3h* Shares, Class *I4h* Shares, in which event distributions will be made within thirty days of the relevant Distribution Date. Unless a Shareholder gives advance proper written notice of a change in its election to receive or not to receive any such distribution in cash, then the selection made in the subscription agreement or in a previously provided proper written notice, whichever is more recent, will prevail. No distribution will be made if such distribution would violate applicable law. The Company reserves the right (1) to impose limits on the number of elections and revocations made by any Shareholder; and (2) to impose service charges with respect to election changes.

“Net Investment Income” is defined as all interest, dividend and similar income accrued by the Sub-fund for the relevant period less all accrued expenses for the period, including any reserves established by the Board of Directors.

“Net Realized Capital Gains” is defined as the net capital gains realized by the Sub-fund for book purposes from the disposition of investments (increased by any ordinary income and decreased by any ordinary deductions resulting from such disposition).

#### Growth Shares

The Classes of Shares which are “Growth Shares” are those specified with a suffix “*acc*” (each a “Class of Growth Shares”).

The part of the year's net income corresponding to Classes of Growth Shares of the Sub-fund will be capitalised for the benefit of the accumulating Classes of Growth Shares. This means that no dividends will be paid in relation to Growth Shares: all interest and other income earned on the investment will be accrued daily in the NAV of the same Classes of Growth Shares.

#### Determination of the NAV

The NAV of each Class of Shares of the Sub-fund shall be determined as each Valuation Date. In the event that the Valuation Date is not a Business Day, valuations will be effected on the immediately preceding Business Day and based on the values applicable on such day; provided that the Board of Directors may, in its discretion acting in good faith, adjust such values for events occurring subsequent to the immediately preceding Business Day and the Valuation Date.

#### Swing Pricing

The maximum Swing Factor is set at 2%.

The AIFM can set a threshold (net capital flows that needs to be exceeded) to apply the adjustment to the Net Asset Value.

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Service Fees	In addition to the Portfolio Management Fee, the Company will also pay Service Fees. Service Fees payable in respect of the Sub-fund shall not exceed 0.25% of the NAV of the Sub-fund per accounting year of the Company.
Reporting	Each Shareholder will receive monthly statements in respect of the performance of the Company and the Sub-fund and audited consolidated financial information annually. Furthermore, the Shareholders will receive an unaudited semi-annual report. Shareholders will also receive quarterly letters from the Investment Manager with commentary on the performance of the Sub-fund.

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## 2. the investment manager

The AIFM has appointed Oaktree Capital Management (UK) LLP as Investment Manager to the Sub-fund.

The Investment Manager is an affiliate of Oaktree and was incorporated as a limited liability partnership under the laws of England and Wales on 15 April 2011. The Investment Manager is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

### 3. investment strategy of the sub-fund

The investment objective of the Sub-fund will be to achieve an attractive total return by investing in a diversified portfolio of Bank Loans and other senior debt obligations of borrowers that are organized or have a substantial portion of their operations, assets or business located in Europe. The Sub-fund will seek to achieve the investment objective by investing primarily in syndicated debt obligations of companies whose debt is rated as below investment grade by leading rating agencies. The Investment Manager does not expect that the Sub-fund's investments will result in substantial influence or control.

The Sub-fund expects to invest primarily in euro-denominated debt obligations, but may hold investments denominated in other currencies as well. For the portion of the Sub-fund's investments that are denominated in currencies other than euros, the Sub-fund expects to use its commercially reasonable efforts to implement an appropriate hedging strategy (as determined by the Investment Manager in its discretion) to hedge the value of such non-euro assets to euros. However, due to the complexity of the Sub-funds underlying investments, fluctuations in asset prices and the availability of suitable hedging alternatives and counterparties, among other things, there can be no guarantee that the Sub-fund will not experience some exposure to currency fluctuations.

The launch of the Sub-fund coincides with a period of significant disruption to worldwide credit markets. In the secondary market for bank loans and senior debt obligations where the Sub-fund will primarily source investments, most of these assets currently trade at a discount to the original issue price or face value of the claim against the borrower. Many of these loans were issued by borrowers to finance leveraged buyouts and typically bear floating interest rates set at a defined spread over EURIBOR. While the Investment Manager expects that in the current environment most of the Sub-fund's initial assets will be purchased on the secondary market, the Investment Manager may also invest in primary syndications, which may be issued to fund leveraged buyouts, refinancing, recapitalizations, acquisitions, debtor in possession facilities and growth capital situations.

The Investment Manager views credit investing as the conscious bearing of risk for profit and acts as a prudent lender. The Investment Manager's goal is to identify lower-rated yet creditworthy borrowers and profit from the interest income and any capital gains these instruments offer. As a result, the Investment Manager's selection process places primary emphasis on assuring creditworthiness and providing downside protection. As long as risk premiums exceed actual credit losses over the cycle, the Investment Manager believes that its approach represents an intelligent way to pursue above average risk-adjusted total returns.

The Investment Manager's approach to the selection of investments is one of fundamental credit analysis. The Investment Manager employs a defensive, research-intensive strategy whereby each investment opportunity will be considered using a consistent bottom-up evaluation process with a primary emphasis on the ability of companies to generate cash flows sufficient to service their debt. While it is unrealistic to expect that defaults will not occur, the Investment Manager's focuses on minimizing that probability and selecting credits with good prospective recoveries should a default occur. This is in keeping with Oaktree's firm-wide motto that states, "if we avoid the losers, the winners will take care of themselves."

In evaluating credits, the Investment Manager prepares a sensitivity analysis on the key factors impacting each issuer's cash flow generating capability. Since credit investments generally do not possess extensive upside potential, the Investment Manager is not concerned with how good things can get, only how bad. The Investment Manager believes that by merely lessening the frequency and severity of credit problems and garnering only an average share of price gains during good times, relatively high absolute returns can be achieved with reasonable risk.

The Investment Manager believes that credit research is the key to the successful selection and management of senior loans. Credit research as performed by the Investment Manager is future-oriented, focusing on the factors expected to strengthen or weaken an issuer's financial position. Projected cash flows and the presence of a sound, well-articulated financial strategy are extremely important elements in that analysis. Critical to this analysis is the Investment Manager's proprietary eight-factor credit-scoring matrix and integrated financial model. The credit scoring matrix has been utilized and refined over many market and economic cycles by the Investment Manager's research analysts in reviewing new investment ideas. It provides a systematic method for reviewing the same key quantitative and qualitative variables (*i.e.*, industry, company, management, interest coverage, capital structure, financial flexibility, liquidation and covenants) impacting credit quality for each issuer. The two factors accorded the greatest weight in this scoring system are projected interest coverage and liquidation value. The financial model is constructed to allow flexibility regarding assumptions about future performance of the business and the likely impact. Where possible, the Investment Manager interviews the senior management of the company to gauge experience, skill level and motivation.

The Investment Manager's focus on credit is an on-going process. Every investment is reviewed and financial results are analyzed at least quarterly. All investments are ranked by the analysts based on their relative comfort with the credit. New holdings and "watch list" holdings that have not performed up to expectations are most closely monitored as well.

## annex a

### COMPANY INVESTMENT RESTRICTIONS

In addition to any investment restrictions which may be applicable to any Sub-fund as described in Part II of this Prospectus, the following investment and borrowing restrictions shall be complied with by each Sub-fund.

#### I. INVESTMENT POWERS AND RESTRICTIONS

The Board has determined that the following investment powers and restrictions shall apply to the Company and all of its Sub-funds, except investments by the Company and all of its Sub-funds in any 100% Holdings Entities (as such term is defined in Section 7 under sub-heading “Permitted Investments” in Part II of this Prospectus) and except where the Permitted Investments or the Investment Restrictions of the relevant Sub-fund are more restrictive:

1. The Company may not in principle:
  - acquire for all its Sub-funds more than 20% of the securities of the same kind issued by the same issuing body (apart from equity interests acquired in one or more “Holding Entities” up to 30% of the equity of the Holding Entities themselves); and
  - invest more than 20% of the net assets of each Sub-fund in securities issued by the same issuing body other than a Holding Entity.

The restrictions mentioned hereabove are not applicable to securities issued or guaranteed by a member state of the Organization for Economic Cooperation and Development or their local authorities or public international bodies with European Union, regional or worldwide scope.

2. Unless otherwise provided for with respect to a specific Sub-fund, the Company may in principle invest up to 80% of the net assets of each Sub-fund in securities not listed on a stock exchange nor dealt in on another regulated market which operates regularly and is recognised and open to the public.
3. Each Sub-fund of the Company may borrow up to but no more than 25% of its net assets if permitted by Part II of this Prospectus. In addition, each Sub-fund shall be managed in accordance with the investment restrictions specified in Part II and Annex A of this Prospectus.

#### II. SPECIAL INVESTMENT AND HEDGING TECHNIQUES AND INSTRUMENTS

For the purpose of hedging, efficient portfolio management, duration management and risk management of the portfolio, in each Sub-fund the Company may use the following techniques and instruments:

##### I. Techniques and Instruments related to Transferable Securities

###### 1. Transactions Relating to Options on Securities

An option is the right to buy or sell a particular asset at a stated price at some date in the future within a particular period. The Company may buy and sell call or put options on securities provided that these options are traded on options exchanges or over-the-counter with broker-dealers who make markets in these options and who are first class financial institutions that specialise in these types of transactions and are participants in the over-the-counter markets.

The Company shall further comply with the following rules:

- a) The total amount of premiums paid for the purchase of call and put options which are considered here, together with the total amount of premiums paid for the purchase of call and put options described under paragraph 2(b) below, may not in respect of each Sub-fund exceed 15% of the NAV of such Sub-fund.
- b) The total commitment arising from (i) the sale of call and put options (excluding the sale of call options for which there is adequate cover) and (ii) transactions for purposes other than hedging as referred to under paragraph 2(b) below, may not exceed in respect of each Sub-fund at any time the NAV of such Sub-fund. In this context, the commitment on call and put options sold is equal to the aggregate amount of the exercise prices of those options.
- c) When selling call options, the Company must hold either the underlying securities, or matching call options or any other instruments (such as warrants) providing sufficient cover. The cover for call options sold may not be disposed of as long as the options exist unless they are covered in turn by matching options or other instruments used for the same purpose. Notwithstanding the foregoing, the Company may sell uncovered call options if the Company is, at all times, able to cover the positions taken on such sale and if the exercise prices of such options do not exceed 25% of the NAV of the relevant Sub-fund.





- (d) When selling put options, the Company must be covered during the full duration of the option by sufficient cash or liquid assets to pay for the securities deliverable to the Company by the counter party on the exercise of the options.

## 2. Transactions Relating to Futures, Options, and Swap Contracts Relating to Financial Instruments

Dealing in financial futures is the trading in contracts related to the future value of securities or other financial instruments. Except as regards options which may be traded as provided for under paragraph 1 above, or the type of swap contracts provided for below, all transactions in financial futures shall be made on a regulated market only. Subject to the following conditions, such transactions may be made for hedging purposes and for other purposes.

### (a) Hedging

Hedging is designed to protect a known future commitment.

- (i) As a hedge against the risk of unfavourable stock market movements, the Company may sell futures on stock market indices or other financial instruments or indices. For the same purpose, the Company may sell call options or buy put options on stock market indices, or enter into swap contracts under which payments by the Company to the other party are related to stock market indices, or other financial instruments or indices. The objective of these hedging operations assumes that a sufficient correlation exists between the composition of the index used and the Company's corresponding portfolios.
- (ii) As a hedge against interest rate fluctuations, the Company may sell interest rate futures contracts. For the same purpose, it can also sell call options or buy put options on interest rates or make interest rate swaps on a mutual agreement basis with first class financial institutions specialising in this type of transaction.
- (iii) The total commitment relating to futures, options, and swap contracts relating to stock market indices may not exceed the total valuation of securities held by the relevant Sub-fund in the market corresponding to each index.
- (iv) In the same way, the total commitment on interest rate futures contracts, options contracts on interest rates and interest rate swaps may not exceed the total valuation of the assets and liabilities to be hedged by the relevant Sub-fund in the currency corresponding to these contracts.

### (b) Trading

Trading is based on the forecasting of future price movements in financial markets. In this context and apart from option contracts on securities (*see* paragraph 1(a) above) and contracts relating to currencies (*see* Section II below), the Company may, for a purpose other than hedging:

- (i) buy and sell futures contracts and options contracts, on any type of financial instrument, provided that the total commitment arising on these purchase and sale transactions together with the total commitment arising on the sale of call and put options on securities mentioned under paragraph 1(b) above in respect of each Sub-fund at no time exceeds the NAV of such Sub-fund.

Sales of call options on securities for which the Company has sufficient cover are not included in the calculation of the total commitment referred to above.

In this context, the commitment arising on transactions, which do not relate to options on securities, is defined as follows:

The commitment arising on futures contracts is equal to the liquidation value of the net position of contracts relating to identical financial instruments (after netting between purchase and sale positions), without taking into account the respective maturities.

The commitment relating to options bought and sold is equal to the sum of the exercise prices of those options representing the net sold position in respect of the same underlying asset, without taking into account the respective maturities.

The total of the premiums paid to acquire call and put options as described above, together with the total of the premiums paid to acquire call and put options on securities as described under paragraph 1 above may not exceed in respect of each Sub-fund 15% of the net assets of such Sub-fund.

- (ii) enter into swap contracts in which the Company and the counter party agree to exchange the returns generated by a security, instrument, basket or index thereof for the returns generated by another security, instrument, basket or index thereof. The payments made by the Company to the counter party and vice versa are calculated by reference to a specific security, index, or instrument and an agreed upon notional amount. The relevant

indices include, but are not limited to, currencies, fixed interest rates, prices and total return on interest rate indices, fixed income indices, stock indices, and commodity indices.

The Company may enter into swap contracts relating to any financial instrument or index provided that the total commitment arising from such transactions together with the total commitments mentioned under paragraphs 1(b) and 2(b)(i) above in respect of each Sub-fund at no time exceeds the NAV of such Sub-funds and the counter party to the swap contract is a first class financial institution that specialises in that type of transactions.

In this context, the commitment arising on a swap transaction is equal to the value of the net position under the contract marked to market daily. Any accrued, but unpaid, net amounts owed to a swap counter party will be covered by cash or securities.

### **3. Forward Settlement Transactions**

The Company may, to a limited extent and within the limits set forth below, enter into forward settlement transactions for the purpose of efficient portfolio management or hedging with broker-dealers who make markets in these transactions and who are first class financial institutions that specialise in these types of transactions and are participants in the over-the-counter markets; such transactions consist of the purchase or sale of debt securities at their current price with delivery and settlement at a specified future date (which could be in two to twelve months' time).

As settlement date approaches for such transactions, the Company may agree with the relevant broker-dealer either to buy or sell the debt securities back to such broker-dealer or to roll the trade over for a further period with any gains or loss realised on the trade paid to, or received from, the broker-dealer. Purchase transactions are, however, entered into by the Company with a view to acquiring the relevant debt securities.

The Company may pay customary fees included in the price of the debt securities to the relevant broker-dealer in order to finance the cost to such broker-dealer of the delayed settlement.

The total commitment arising on net forward settlement transactions together with the total commitment arising on the transactions, referred to under paragraphs 1(b) above and 2(b) above in respect of each Sub-fund will at no time exceed the NAV of the relevant Sub-fund.

The Company must also at all times for purchase transactions have sufficient liquid assets available to meet the commitments arising on such transactions and redemption requests.

## **II. Currency Hedging**

In order to protect its present and future assets and liabilities against the fluctuation of currencies, the Company may enter into transactions the object of which is the purchase or the sale of forward foreign exchange contracts, the purchase or the sale of call options or put options in respect of currencies, the purchase or the sale of currencies forward or the exchange of currencies on a mutual agreement basis provided that these transactions be made either on exchanges or over-the-counter with first class financial institutions specialising in these types of transactions and being participants in the over-the-counter markets.

The objective of the transactions referred to above presupposes the existence of a direct relationship between the contemplated transaction and the assets or liabilities to be hedged and implies that, in principle, transactions in a given currency (including a currency bearing a substantial relation to the value of the reference currency of the relevant Sub-fund (known as "Cross Hedging")) may not exceed the total valuation of such assets and liabilities nor may they, as regards their duration, exceed the period where such assets are held or anticipated to be acquired or for which such liabilities are incurred or anticipated to be incurred.

## **III. Securities Lending**

The Company may enter into securities lending transactions provided that it complies with the following rules:

- (a) The Company may only lend securities through a standardised system organised by a recognised clearing institution or through a first class financial institution specialising in this type of transaction.

As part of its lending transactions, the Company must in principle receive a guarantee, the value of which at the conclusion of the contract must be at least equal to the total valuation of the securities lent.

Such a guarantee shall not be required if the securities lending is made through Clearstream or Euroclear or through any other organisations assuring to the lender a reimbursement of the value of the securities lent by way of a guarantee or otherwise.

This guarantee must be given in the form of liquid assets and/or in the form of securities issued or guaranteed by a member state of the OECD or by their local authorities or by supranational institutions and undertakings of a community, regional or worldwide nature and blocked in the name of the Company until the expiry of the loan contract.

- (b) Securities lending transactions may not exceed 50% of the total valuation of the securities portfolio of each Sub-fund. This limitation does not apply where the Company is entitled at all times to the cancellation of the contract and the restitution of the securities lent.

- (c) Securities lending transactions may not extend beyond a period of 30 days, unless the Company has the right at any time to terminate the lending transaction and obtain the restitution of the securities lent.

#### IV. Repurchase Transactions

The Company may enter into repurchase (“repo”) transactions which consist of the purchase and sale of securities with a clause reserving the seller the right or the obligation to repurchase from the acquirer the securities sold at a price and term specified by the two parties in their contractual arrangement.

The Company can act either as purchaser or seller in repo transactions. Its involvement in such transactions is however subject to the following rules:

- (a) The Company may not buy or sell securities using a repo transaction unless the counterpart in such transactions is a first class financial institution specialising in this type of transaction.
- (b) During the life of a repo contract of purchase, the Company cannot sell the securities which are the object of the contract, either before the right to repurchase these securities has been exercised by the counterparty, or the repurchase term has expired.
- (c) Where the Company is exposed to repurchases, it must take care to ensure that the level of its exposure to repo transactions is such that it is able, at all times, to meet its repurchase obligations.