XAInvestments

Octagon Credit Investors

XFLT LISTED NYSE

XAI Octagon Floating Rate & Alternative Income Term Trust (the “Trust” or “XFLT”)

Quarterly Webinar
August 18, 2022 at 11:00am Eastern

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Consider the investment objective, risks, charges and expenses of the Trust carefully before investing. An investment in the Trust involves risks and is not appropriate for all investors and is not intended to be a complete investment program. For a summary of the risks associated with an investment in the Trust please see the “XFLT Risk Considerations" beginning on page 36 of this presentation.

The Trust is a diversified, closed-end management investment company with limited history of operation. The Trust began operation on September 27, 2017. Shares of closed-end investment companies frequently trade at a discount from their net asset value. **Investors should read XFLT’s prospectus and SEC filings (which are publicly available on the EDGAR Database on the SEC website at http://www.sec.gov) carefully before investing in XFLT.**

Foreside Fund Services, LLC - Distributor

General Disclosures

This presentation is intended to be educational in nature and is not for the purpose of recommending a particular investment. The investments discussed may or may not be suitable for the audience of this presentation. Neither XAI nor Octagon is acting as an adviser to the audience members, and audience members should consult their own investment adviser prior to making investment decisions.

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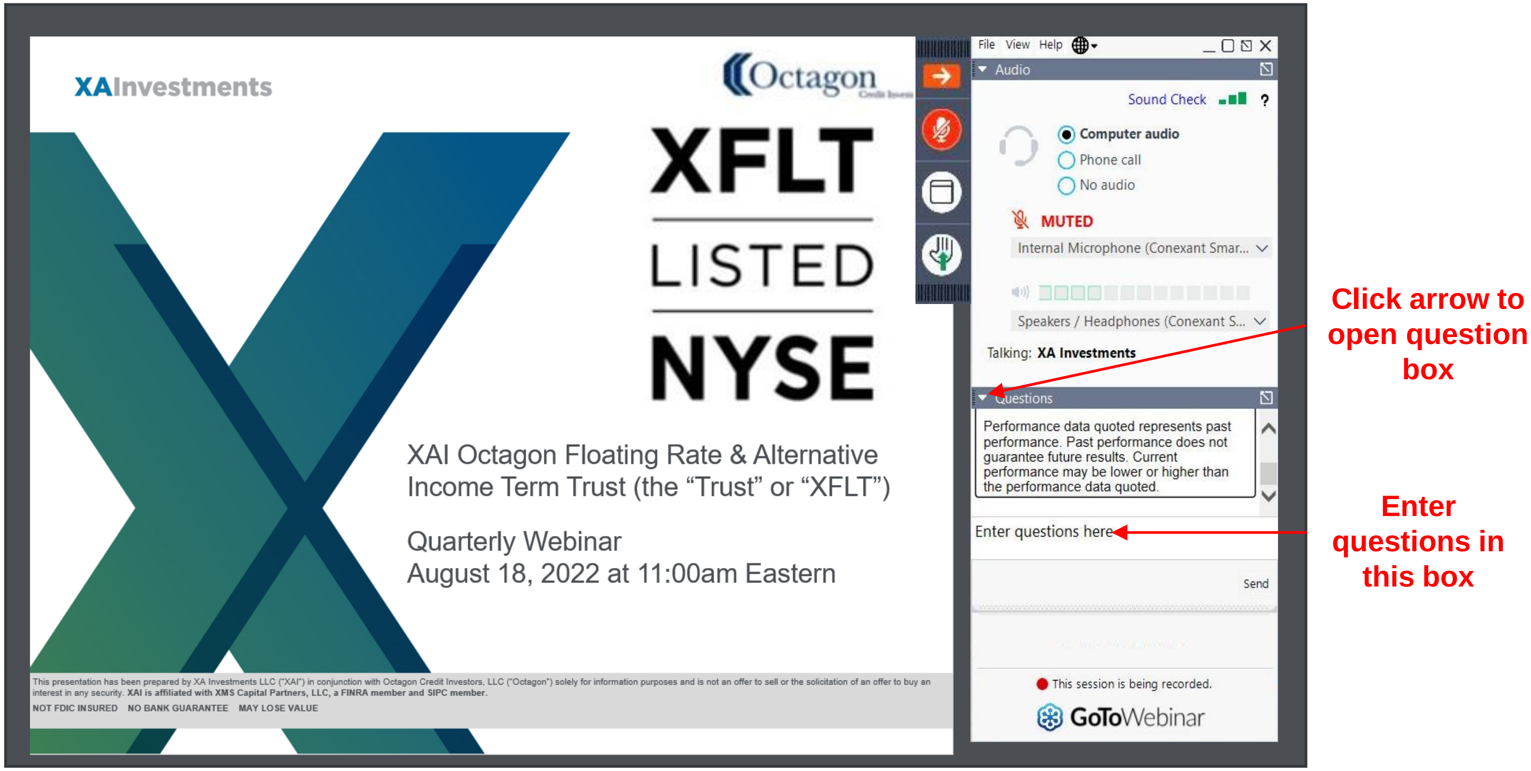
Octagon and/or its affiliated companies may make a market or deal as principal in the financial instruments mentioned in this document or in related securities, options or other derivative instruments based on them. In addition, the Investment Managers, their affiliated companies, shareholders, directors, officers and/or employees, may from time to time have long or short positions in the financial instruments, including loans, securities or in options, futures or other derivative instruments based on them. Performance achieved prior to December 31, 2021 is predominantly based on investments that use USD LIBOR as a reference rate. LIBOR is currently being phased out, with the syndicated debt and CLO securities markets transitioning to alternative reference rates. The Trust holds assets referencing LIBOR and assets referencing SOFR. There is no guarantee that the performance of individual investments or the syndicated debt and CLO securities markets as a whole during the transition period (or ultimately) will be consistent with performance achieved during the LIBOR era. **Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted.** Similar investments likely would produce different results under different economic and market conditions.

These materials contain forward-looking statements. Investors should not place undue reliance on forward-looking statements. Actual results could differ materially from those referenced in forward-looking statements for many reasons. Forward-looking statements are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying any forward-looking statements will not materialize or will vary significantly from actual results. Variations of assumptions and results may be material. Without limiting the generality of the foregoing, the inclusion of forward-looking statements herein should not be regarded as a representation by the Investment Managers or any of their respective affiliates or any other person of the results that will actually be achieved by the Trust. None of the foregoing persons has any obligation to update or otherwise revise any forward-looking statements, including any revision to reflect changes in any circumstances arising after the date hereof relating to any assumptions or otherwise.

Before We Begin

- Registrants will receive a link to the replay following the webinar. Feel free to share with colleagues.
- For additional information on CEFs, please see our website at xainvestments.com under the Knowledge Bank tab.
- Submit questions at any time during the presentation using the Questions box.



Today's Speakers

Gretchen Lam
Senior Portfolio Manager
Octagon Credit Investors, LLC

Ms. Lam is a member of Octagon's Investment Committee and serves as a Portfolio Manager across CLOs, Separately Managed Accounts and Commingled Funds. Ms. Lam oversees the Firm's Structured Credit (CLO debt & equity) investment strategies. Ms. Lam is a member of Octagon & Conning's Global DEI (diversity, equity, and inclusion) Council, and a member of Octagon's ESG Committee.

Prior to becoming a Portfolio Manager, Ms. Lam oversaw Octagon's investments in the software, business services, finance & insurance, paper & packaging, gaming & lodging, homebuilding and real estate industries. She was also responsible for the structured credit exposure held in Octagon's CLO vehicles.

Prior to joining Octagon in 1999, Ms. Lam attended Babson College where she graduated Summa Cum Laude with a B.S. in Investments. She received her CFA charter in 2006.

Kimberly Flynn
Managing Director
XA Investments LLC

Kimberly Flynn serves as Managing Director at XA Investments, a wholly-owned subsidiary of XMS Capital Partners. She is a partner in the firm and responsible for all product and business development activities.

Previously, Kim was Senior Vice President and Head of Product Development for Nuveen Investments' Global Structured Products Group. In her leadership role at Nuveen, Kim was responsible for asset raising activities through the development of new traditional and alternative investment funds including CEFs, ETFs, UITs and commodity pools.

Kim received her MBA degree from Harvard University and her BBA in Finance and Business Economics, Summa Cum Laude, from the University of Notre Dame in 1999. She received her CFA charter in 2005.

Questions & Topics for the Speakers

1. Loan market volatility has continued on the heels of slowing economic growth, rising rates, supply chain issues, and recession concerns, can you give us some insight into what you are seeing in the loan market?
2. What about CLOs, can you give us an update on their performance in Q2?
3. Covid negatively affected certain industries in the loan market, are there industries facing similar economic pressures now, driven by inflation and rising interest rates?
4. After almost 6 quarters of retail inflows and rates on the rise, the loan market is now experiencing retail outflows. Why do you think that is and shouldn't rising rates drive more investor demand to the asset class?
5. The Fed raised interest rates by three-quarters of a point in both June and July, the largest rate hikes since 1994, how has this aggressive action impacted the loan and CLO markets?
6. Has the weakness in the loan and CLO markets created buying opportunities
7. How have loans and CLOs performed in rising rate and inflationary environments versus a more traditional fixed income investment like high yield?
8. Two questions, how has XFLT performed relative to its fund peer group? And XFLT continues to trade at a premium, what do you attribute this to?
9. The last twelve-month loan default rate is only 0.28% and expected to rise. Are we headed back to the long-term historical average of ~2.6%?
10. What type of headwinds do you expect loan investors to face near term? What is your outlook for the loan and CLO markets going forward?

Octagon Credit Overview

CREDIT EXPERTS

- Exclusive focus is below investment grade credit since 1994. $32.9bn in AUM as of 7/31/22.

DISCIPLINED PROCESS

- Seasoned investment process rooted in fundamental credit and relative value analysis

PEOPLE

- Cohesive, experienced, cycle-tested investment team

EXPERIENCE

- More than 25+ year track record managing and investing in CLO securities

INSTITUTIONAL FOCUSED

- XFLT, launched in Sept. 2017, was Octagon's first strategy to be publicly available in a registered fund

Performance achieved prior to December 31, 2021 is predominantly based on investments that use USD LIBOR as a reference rate. LIBOR is currently being phased out, with the syndicated debt and CLO securities markets transitioning to alternative reference rates. There is no guarantee that the performance of individual investments or the syndicated debt and CLO securities markets as a whole during the transition period (or ultimately) will be consistent with performance achieved during the LIBOR era. **Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted.**

XFLT Overview and Top 10 Holdings

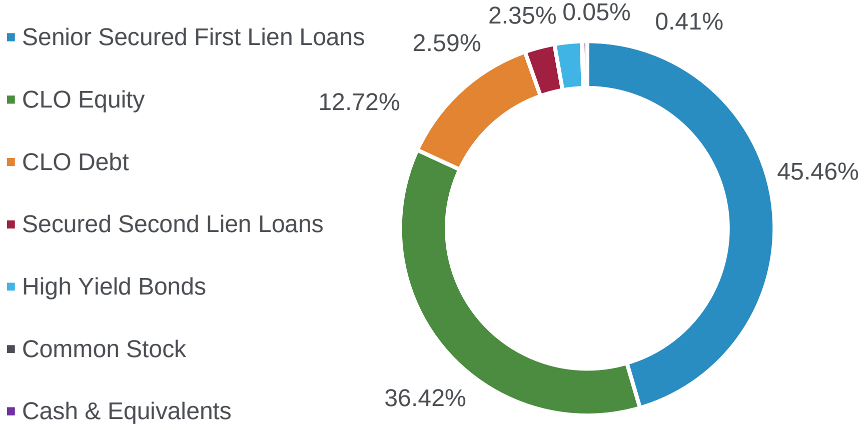
As of 6/30/22

Summary Trust Characteristics			
Total Managed Assets	$391,655,125	Current Distribution (monthly, as of 6/30/22)	$0.073
Common Shares Outstanding	34,766,871	Distribution Rate on NAV (as of 6/30/22)	13.17%
Average Daily Volume (in shares)[1]	172,957	Distribution Rate on Market Price (as of 6/30/22)	12.55%
Total Regulatory Leverage %	40.99%	Number of Holdings (count)[2]	448
Average Cost of Leverage %[1]	3.03%	Avg. Asset Price (% of par)[2]	84.34%
NAV (as of 6/30/22)	$6.65	Avg. Effective Maturity (years)[2]	8.31
Market Price (as of 6/30/22)	$6.98	Fund Inception Date	9/27/2017

Top 10 Holdings (as of 6/30/22)[2]

Top 10 Holdings	Asset Type	% Portfolio
Carlyle US CLO, Ltd. 2020-4A	CLO Equity	1.81%
Rockland Park CLO, Ltd. 2021-1A	CLO Equity	1.59%
Regata XVIII Funding, Ltd. 2021-1A	CLO Equity	1.36%
Anchorage Capital CLO 13 LLC 2019-13A	CLO Equity	1.23%
Anchorage Capital CLO 19, Ltd. 2021-19A	CLO Equity	1.19%
Elmwood CLO VII, Ltd. 2020-4A	CLO Equity	1.18%
Recette Clo, Ltd. 2015-1A	CLO Equity	1.13%
Webster Park CLO, Ltd. 2016-1A	CLO Equity	1.08%
Elmwood CLO II, Ltd. 2019-2A	CLO Equity	1.00%
Point Au Roche Park CLO, Ltd. 2021-1A	CLO Equity	0.98%
	Total	**12.55%**

Asset Allocation (as of 6/30/22)[2]

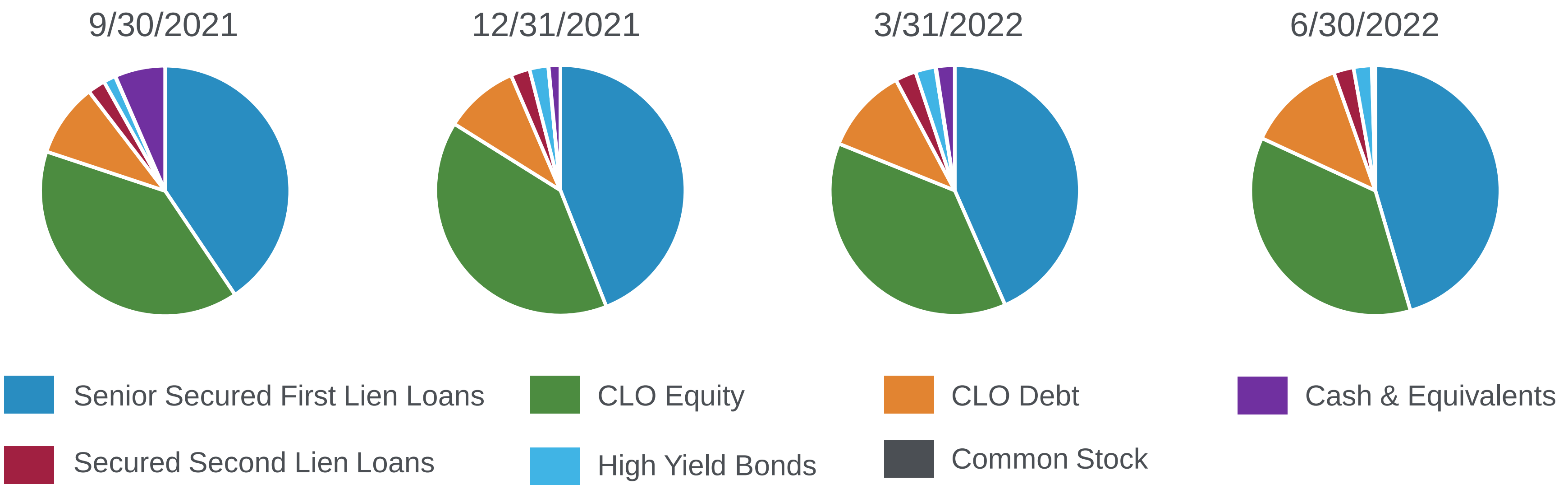


Unaudited. Source: XA Investments LLC; ALPS.

1. Quarter-to-date figures ending on 6/30/2022.
2. Holdings are measured as a percentage of market value over the Trust's total portfolio investments as of 6/30/2022. Holdings may vary and are subject to change without notice.
3. Distribution rates are not performance and are calculated by summing the monthly distributions per share over twelve months and dividing by the NAV or market price, as applicable, as of the latest month end. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the fund. To date, a portion of common stock distributions has been estimated to be a return of capital as noted under the Investor Relations section on the Trust's website. The actual components of the Trust's distributions for U.S. tax reporting purposes can only be finally determined as of the end of each fiscal year of the Trust and are thereafter reported on Form 1099-DIV. The Trust's distributions for fiscal year ended 2021 comprised 89.19% net income and 10.81% return of capital. The Trust's distributions for fiscal year ending 2022 will be made available and reported to investors subsequent to the end of fiscal year 2022. A distribution comprised in whole or in part by a return of capital does not necessarily reflect the company's investment performance and should not be confused with "yield" or "income." Future distributions may consist of a return of capital. Performance achieved prior to December 31, 2021 is predominantly based on investments that use USD LIBOR as a reference rate. LIBOR is currently being phased out, with the syndicated debt and CLO securities markets transitioning to alternative reference rates. The Trust holds assets referencing LIBOR and assets referencing SOFR. There is no guarantee that the performance of individual investments or the syndicated debt and CLO securities markets as a whole during the transition period (or ultimately) will be consistent with performance achieved during the LIBOR era. **Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted.**

XFLT Portfolio Composition Over Time

Asset Allocation	9/30/2021	12/31/2021	3/31/2022	6/30/2022
Senior Secured First Lien Loans	40.6%	44.0%	43.4%	45.5%
CLO Equity	39.5%	39.9%	37.7%	36.4%
CLO Debt	9.5%	9.7%	11.1%	12.7%
Secured Second Lien Loans	2.3%	2.5%	2.7%	2.6%
High Yield Bonds	1.6%	2.4%	2.6%	2.4%
Common Stock	0.1%	0.1%	0.1%	0.1%
Cash & Equivalents	6.5%	1.5%	2.4%	0.4%



Source: Octagon Credit Investors, LLC; ALPS
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XFLT Net Returns

Performance Period Ended Q2 2022

XFLT Net Return Performance assumes dividends are reinvested.

	6/30/2022		6/30/2022		6/30/2022		Since Inception[1]	
		QTD TR		YTD TR		1 YR TR		ITD TR (Annualized)
Price	$6.98	-15.09%	$6.98	-17.28%	$6.98	-18.66%	$6.98	2.84%
NAV	$6.65	-10.32%	$6.65	-13.53%	$6.65	-8.41%	$6.65	2.27%
Benchmark - S&P/LSTA Leveraged Loan 100 Index		-5.30%		-5.48%		-4.21%		2.37%

Source: Unaudited financials. XA Investments LLC; ALPS
Notes: Period returns shown net of fees and expenses.

1. Annualized total return as of 6/30/2022, includes reinvestment of dividends. The S&P/LSTA Leveraged Loan 100 Index is the Trust's benchmark. The index does not charge fees and expenses. **Performance and other financial information included herein is unaudited.** "Price" is based on the closing prices of XFLT on the NYSE at the end of trading on the last trading day of each period. "Benchmark" is the S&P/LSTA U.S. Leveraged Loan 100 Index, which is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market**.** Current performance may be higher or lower than the data shown. Returns assume reinvestment of distributions, and NAV returns are net of fund expenses. Performance achieved prior to December 31, 2021 is predominantly based on investments that use USD LIBOR as a reference rate. LIBOR is currently being phased out, with the syndicated debt and CLO securities markets transitioning to alternative reference rates. The Trust holds assets referencing LIBOR and assets referencing SOFR. There is no guarantee that the performance of individual investments or the syndicated debt and CLO securities markets as a whole during the transition period (or ultimately) will be consistent with performance achieved during the LIBOR era.

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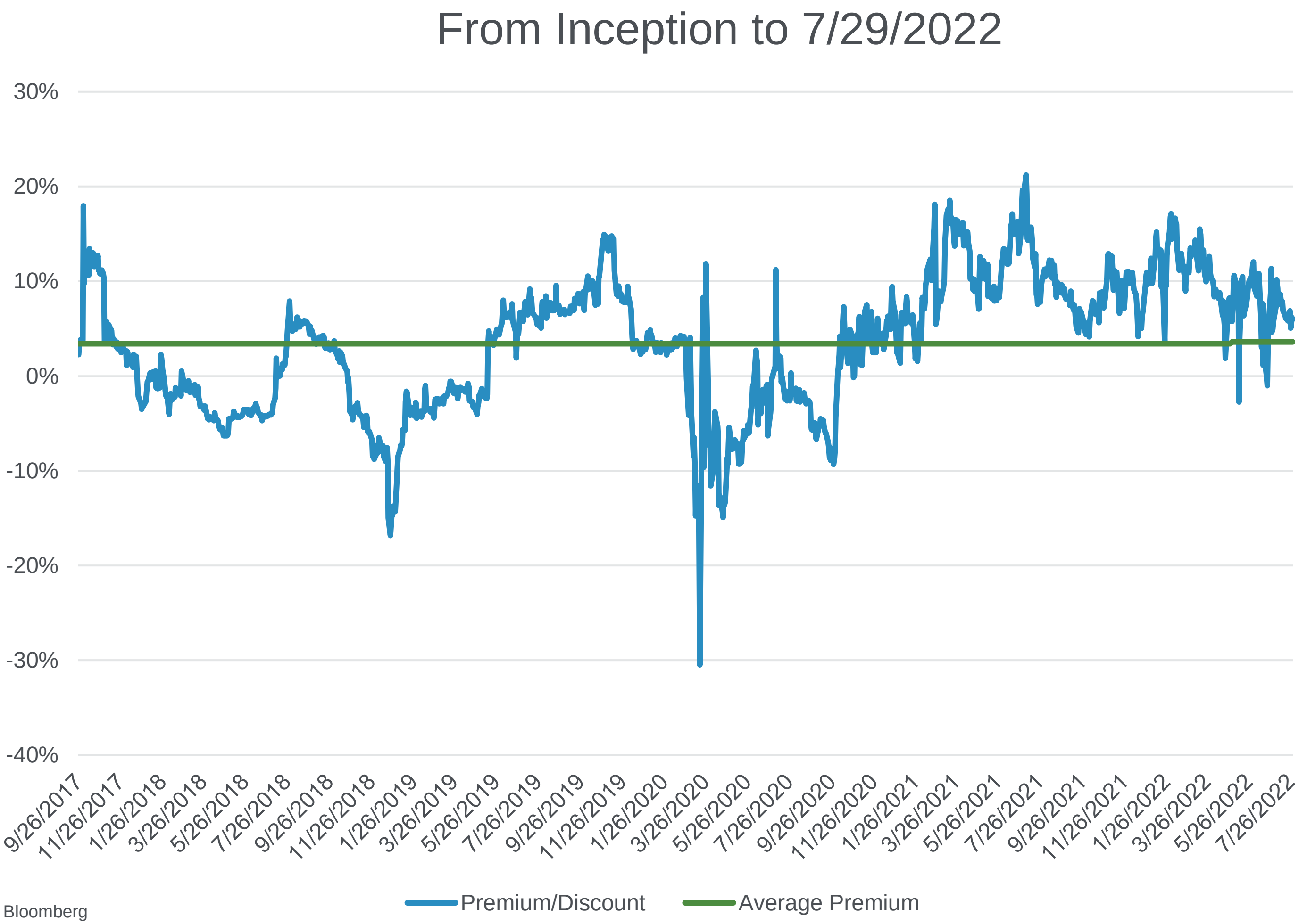
XFLT Premium/Discount History



Current Premium: 5.99%

Inception to Date Avg Premium: 3.59%

Average Daily Trading Volume	
Last 30 Days[1]	141,497
Last 60 Days[1]	161,742
Last 90 Days[1]	172,681
Last 12 Months	201,513
Since Inception	106,989

Source: Bloomberg

Notes: 1. Calendar days ending 7/29/2022.

Shares of closed-end management investment companies frequently trade at a discount from their net asset value, which is a risk separate and distinct from the risk that the Trust's net asset value could decrease as a result of its investment activities.

Performance achieved prior to December 31, 2021 is predominantly based on investments that use USD LIBOR as a reference rate. LIBOR is currently being phased out, with the syndicated debt and CLO securities markets transitioning to alternative reference rates. The Trust holds assets referencing LIBOR and assets referencing SOFR. There is no guarantee that the performance of individual investments or the syndicated debt and CLO securities markets as a whole during the transition period (or ultimately) will be consistent with performance achieved during the LIBOR era.

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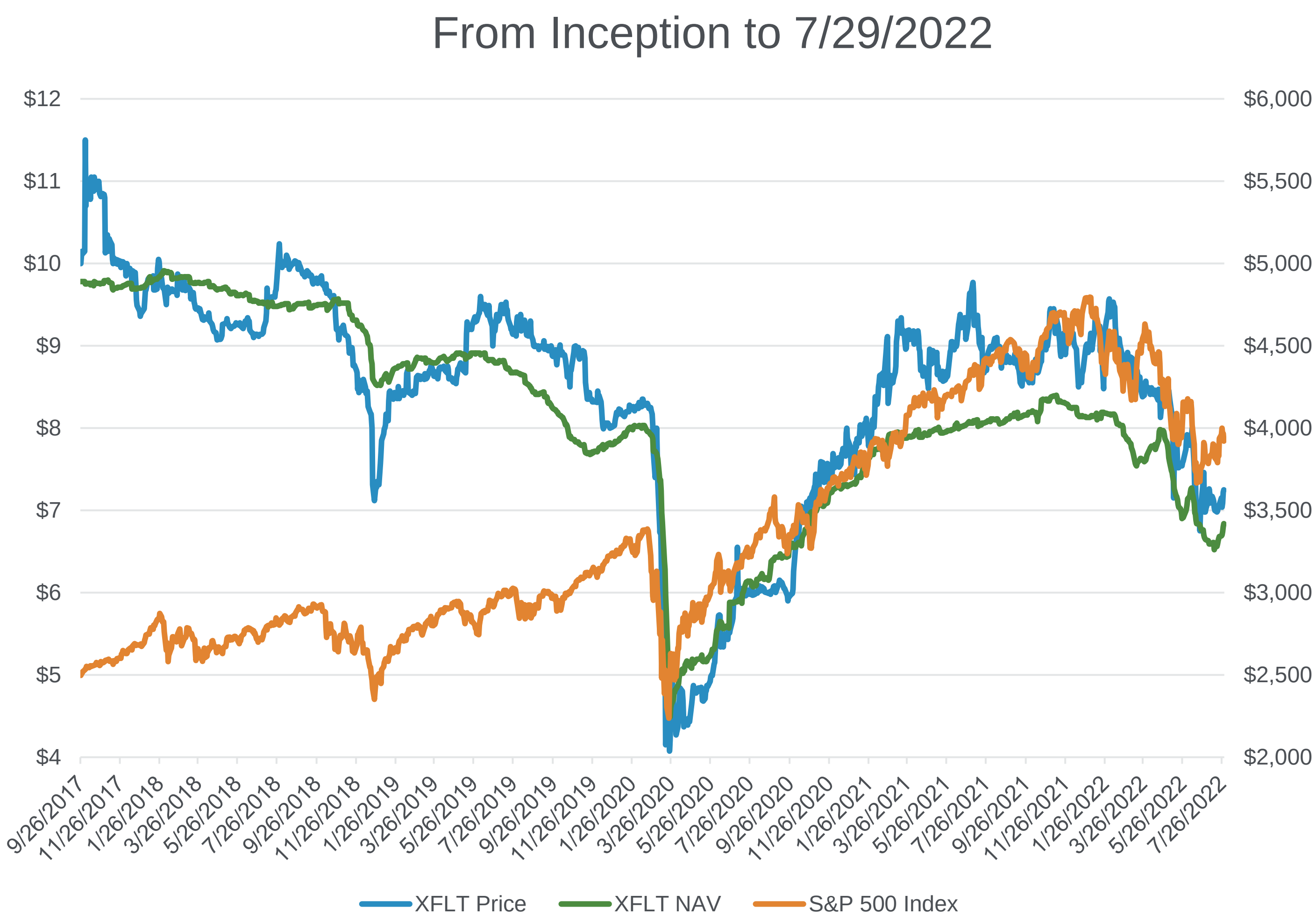
XFLT Price/NAV History



High/Low	Price
Inception to Date	
High Price	$11.50
Low Price	$4.08
High NAV	$9.91
Low NAV	$4.49
High S&P	$4,797
Low S&P	$2,237
Last 12 Months	
High Price	$9.57
Low Price	$6.75
High NAV	$8.40
Low NAV	$6.52
High S&P	$4,797
Low S&P	$3,667
Current	
Price	$7.25
NAV	$6.84
Premium	5.99%
S&P	$3,921

Source: Bloomberg
Shares of closed-end investment companies frequently trade at a discount from their net asset value.
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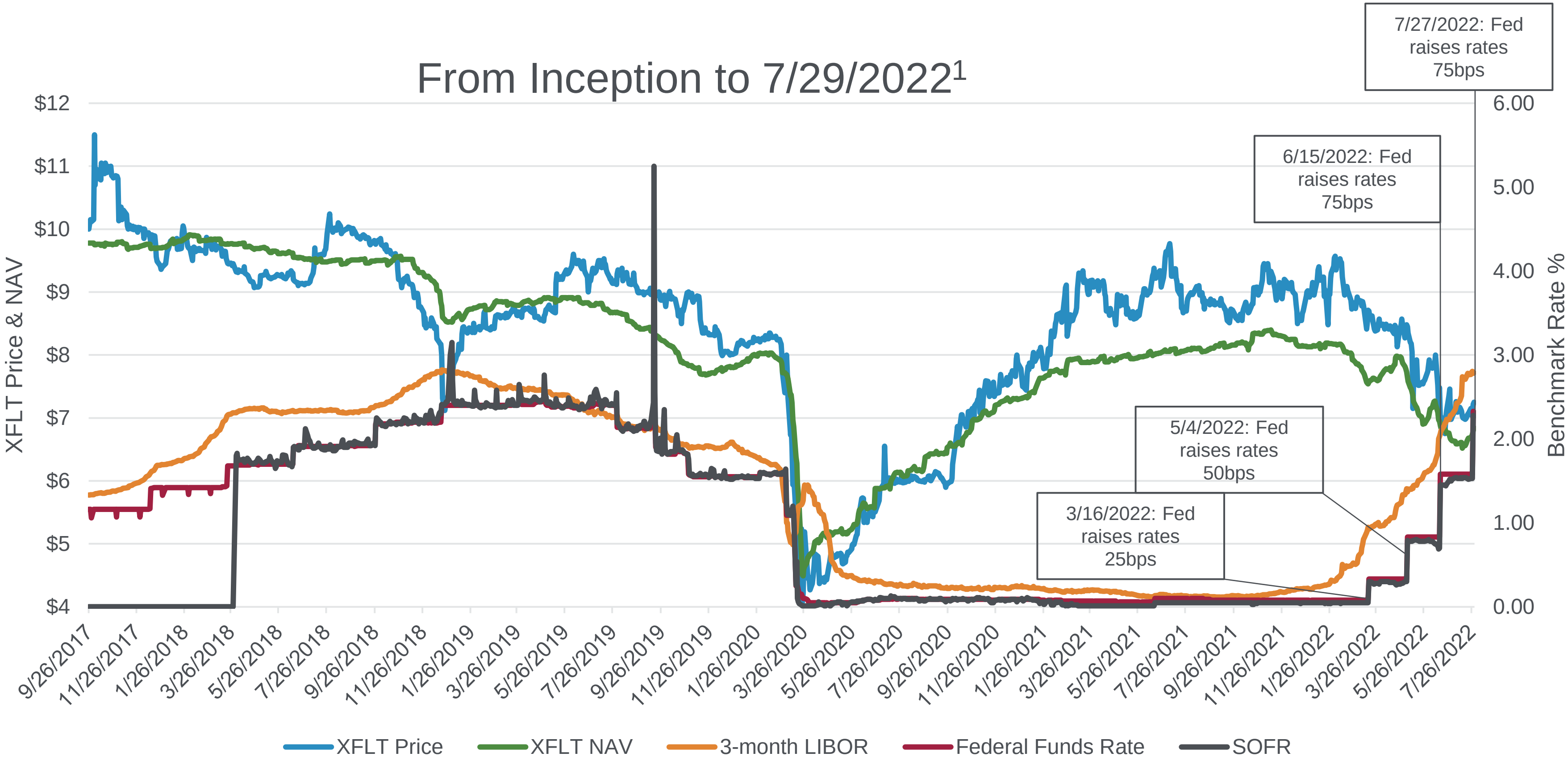
XFLT vs Benchmark Rates



	SOFR	1-M LIBOR	3-M LIBOR
12/31/2021	0.05%	0.11%	0.21%
3/31/2022	0.29%	0.45%	0.96%
6/30/2022	1.51%	1.79%	2.29%
7/29/2022	2.27%	2.36%	2.79%

Source: Bloomberg
Notes:
1. Source: 3-month LIBOR represented by ICE LIBOR USD 3 Month, Federal Funds Rate represented by US Federal Funds Effective Rate (continuous series). SOFR represented by daily compounded Secured Overnight Financing Rate set by the Federal Reserve Bank of New York.

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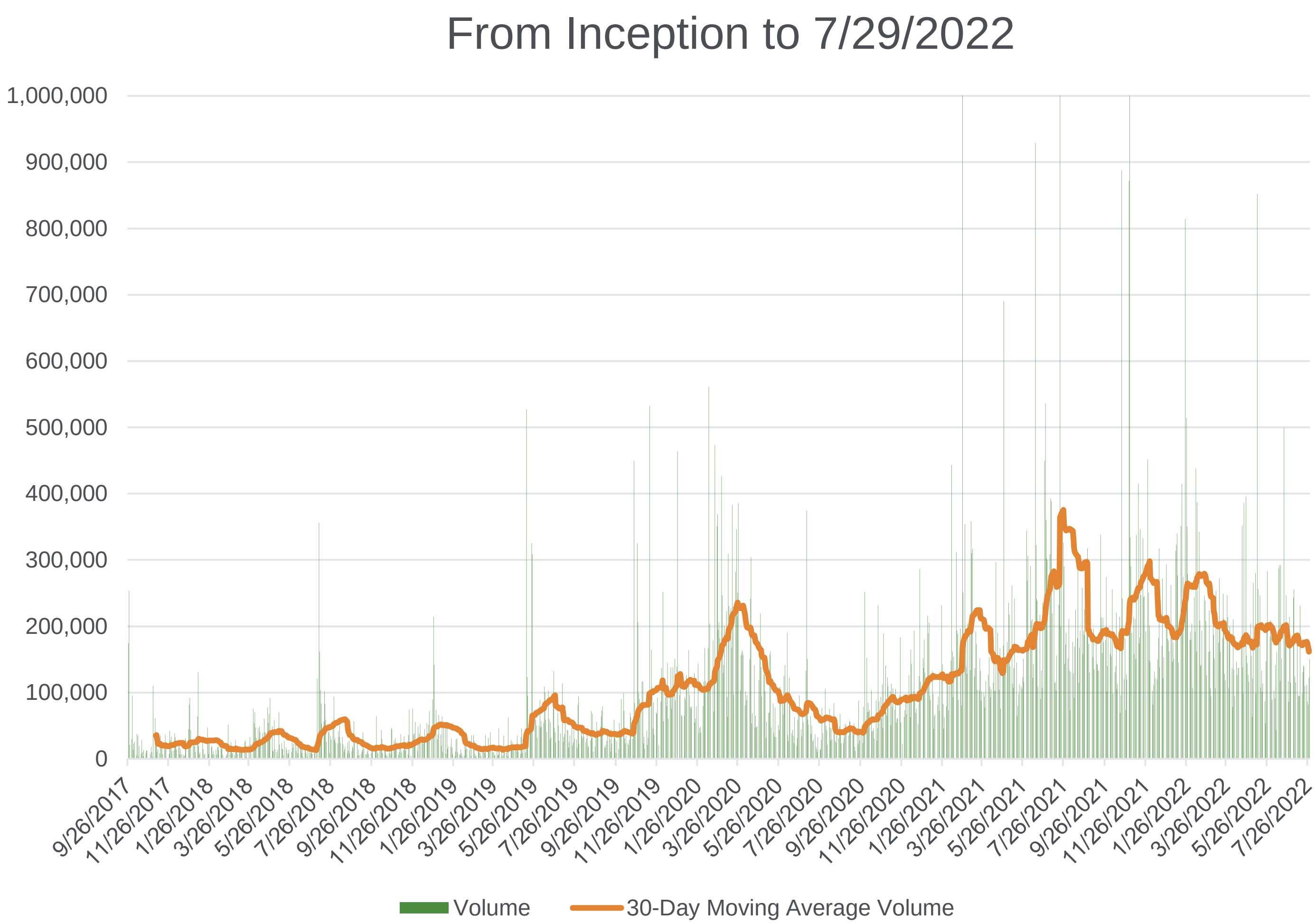
XFLT Trading Volume Analysis



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Last 30 Days[1]	141,497
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Last 90 Days[1]	172,681
Last 12 Months	201,513
Since Inception	106,989

Source: Bloomberg
Note: 1. Calendar days ending 7/29/2022.
30-Day Avg. Volume is calculated as the average volume over the previous 30 trading days. Chart maximum is set at 1,000,000 shares. Multiple trading days had volume over 1,000,000 shares.
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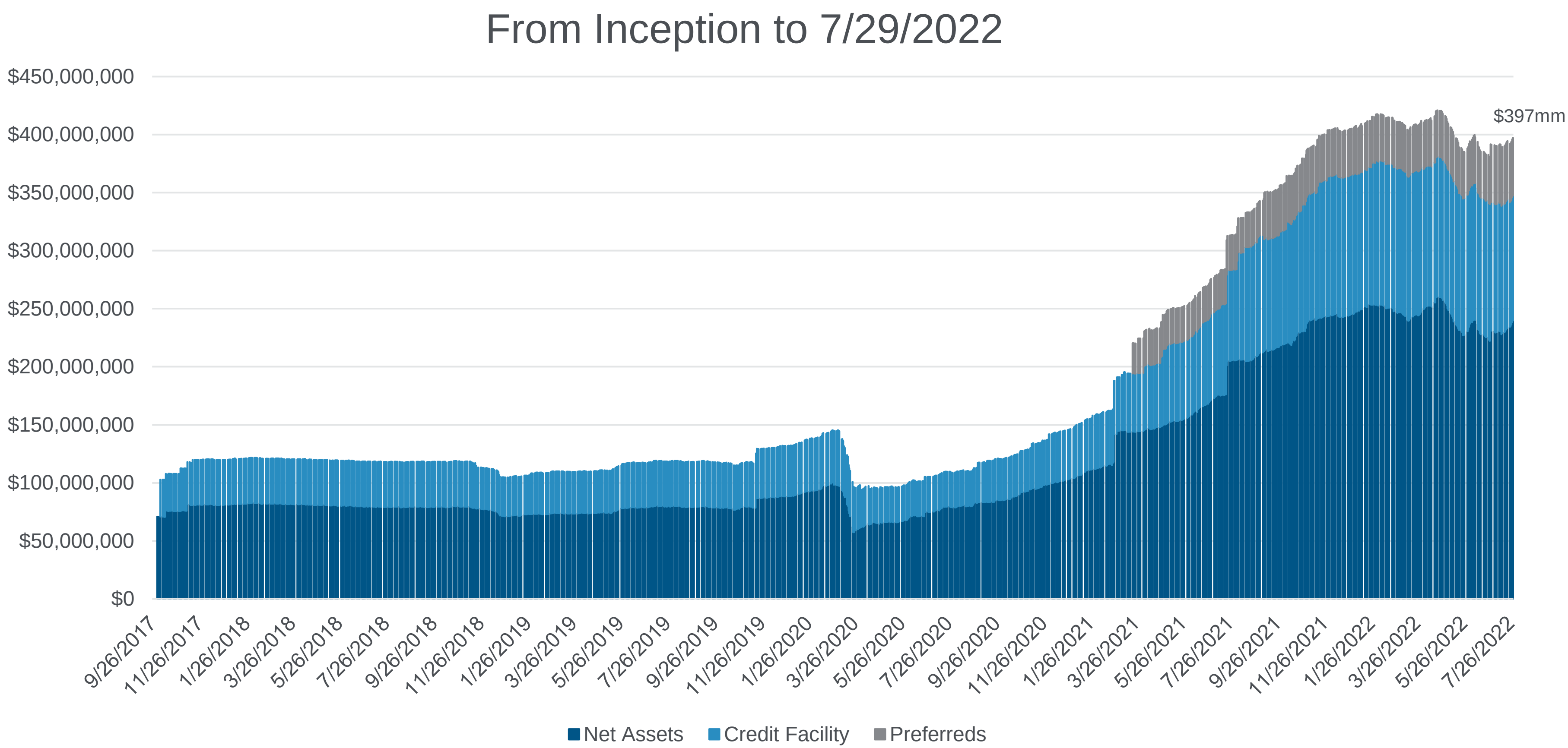
XFLT Asset Growth Provides Scale Efficiencies

XFLT has grown, via the Trust's registration statement, from an At-the-Market program, follow-on equity offerings and preferred debt issuances



Source: Bloomberg; ALPS

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XFLT Completes Secondary Market Offering

XAI Octagon Floating Rate & Alternative Income Term Trust Closes Private Placement of Convertible Preferred Shares and Registered Direct Placement of Common Shares on June 30, 2022

- XFLT entered into a Purchase Agreement with certain institutional investors for the purchase and sale of 400,000 shares, or $10mm, of the Trust's 6.00% Series 2029 Convertible Preferred Shares due June 2029.
- In addition, the investors have agreed to purchase up to 800,000 additional shares, or $20mm, of Convertible Preferred Shares at one or more subsequent closings on or before June 30, 2023.
- The draw feature of the convertible preferred issuance is a first for the closed-end fund market, as convertible preferred shares are typically a onetime issuance with no option for follow-on sales.
- In that respect, the fund will now have two separate credit facilities to draw on for investing in accordance with its investment objective, paying down outstanding borrowings or for general working capital purposes.

Full press release available at:

https://www.xainvestments.com/knowledge-bank/news?url=pressrelease-20220701

XFLT Leverage Sources (as of June 30, 2022)

Type of Leverage	Leverage %[1]	Leverage $[1]	Regulatory Limit	Average Cost of Leverage in Q2	Average Cost of Leverage in Q1
Bank Borrowings	28.25%	$110,650,000		1.91%[4]	1.41%
Preferreds	12.74%	$49,900,000		6.50%	6.50%
Total	**40.99%[2]**	**160,550,000**	**50%[3]**	**3.03%[5]**	**2.67%[5]**

Preferred Stock Overview		
	Retail Preferred	**Convertible Preferred**
NYSE Ticker	XFLT-PRA	N/A
Description	6.50% Series 2026 Term Preferred Shares	6.00% Series 2029 Convertible Preferred Shares
Principal	$39.9mm	$10.0mm
Current Price Per Share	$25.35	$25.00
Coupon	6.50%	6.00%
Current Yield	6.28%	6.00%
Payment Frequency	Quarterly	Quarterly

Notes:
1. As a percent of total managed assets as of 6/30/2022.
2. Figures may not add to an exact total due to accrued interest.
3. With a combination of Bank Borrowings and Preferreds, the Trust is permitted to use to a combination of leverage up to 50%.
4. Based on Q2 2022 average cost of bank borrowings.
5. Represents a weighted average cost of leverage.

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XFLT Distribution History

- From Inception to July 29, 2022, XFLT has declared 57 distributions totaling $4.011 per share
- Since October 1, 2020, through July 29, 2022, XFLT has declared regular monthly distributions at a steady rate of $0.073 per share (22 level distributions)
- As of July 29, 2022, the annualized distribution rate was 12.08% based on market price of $7.25 and 12.81% on NAV of $6.84

PAYABLE DATE	RECORD DATE	EX-DATE	DECLARATION DATE	AMOUNT
08/01/2022	07/15/2022	07/14/2022	07/01/2022	$0.073
07/01/2022	06/15/2022	06/14/2022	06/01/2022	$0.073
6/01/2022	5/16/2022	5/13/2022	5/2/2022	$0.073
5/02/2022	4/18/2022	4/14/2022	4/1/2022	$0.073
4/01/2022	3/15/2022	3/14/2022	3/1/2022	$0.073
3/01/2022	2/15/2022	2/14/2022	2/1/2022	$0.073
2/01/2022	1/18/2022	1/14/2022	1/3/2022	$0.073
2021				**$0.876**
2020				**$0.798**
2019				**$0.860**
2018				**$0.828**
2017				**$0.138**
Total				**$4.011**

Source: XAI

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XFLT Comparison with CLO Focused CEFs

	XFLT	CLO Focused CEFs[1]
Leverage Cost	Lower, Mainly Credit Facility (3.03% as of 6/30/22)	Higher, Mainly Preferred Leverage (4-7%) 2x cost
NAV	Daily	Monthly Estimates; Quarterly Audited
Valuation	Third Party	Internal, Monthly Estimates; Quarterly Official NAV
Portfolio Allocation	50% Loans / 50% CLOs	~95%+ CLOs
Fees	No Performance Fee	Performance Fees / Higher Management fees[2]
Distribution Rate on Market Price (7/29/22)	12.08%	15.05% (Average of 4 Funds)
Average Premium LTM (as of 7/29/22)	9.13%	3.25% (Average of 4 Funds)

Source: Bloomberg; Company Websites; Adviser ADVs.

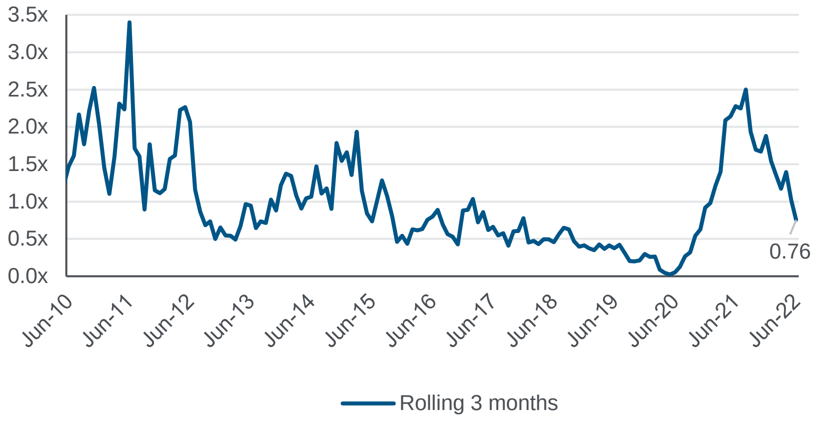
Notes:

1. Comps include tickers ECC, EIC, OXLC, and OCCI.
2. EIC invests in a mix of CLO debt and equity and has a lower management fee than XFLT and does not charge a performance fee.

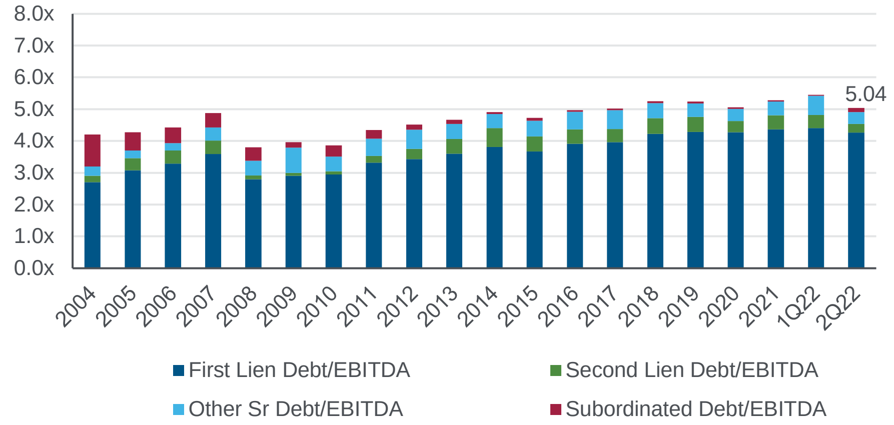
Distribution rates are not performance and are calculated by summing the monthly distributions per share over twelve months and dividing by the NAV or market price, as applicable, as of the latest month end. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the fund. To date, a portion of common stock distributions has been estimated to be a return of capital as noted under the Investor Relations section on the Trust's website. The actual components of the Trust's distributions for U.S. tax reporting purposes can only be finally determined as of the end of each fiscal year of the Trust and are thereafter reported on Form 1099-DIV. The Trust's distributions for fiscal year ended 2021 comprised 89.19% net income and 10.81% return of capital. The Trust's distributions for fiscal year ending 2022 will be made available and reported to investors subsequent to the end of fiscal year 2022. A distribution comprised in whole or in part by a return of capital does not necessarily reflect the company's investment performance and should not be confused with "yield" or "income." Future distributions may consist of a return of capital. Performance achieved prior to December 31, 2021 is predominantly based on investments that use USD LIBOR as a reference rate. LIBOR is currently being phased out, with the syndicated debt and CLO securities markets transitioning to alternative reference rates. The Trust holds assets referencing LIBOR and assets referencing SOFR. There is no guarantee that the performance of individual investments or the syndicated debt and CLO securities markets as a whole during the transition period (or ultimately) will be consistent with performance achieved during the LIBOR era. **Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted.**

Strong Credit Fundamentals

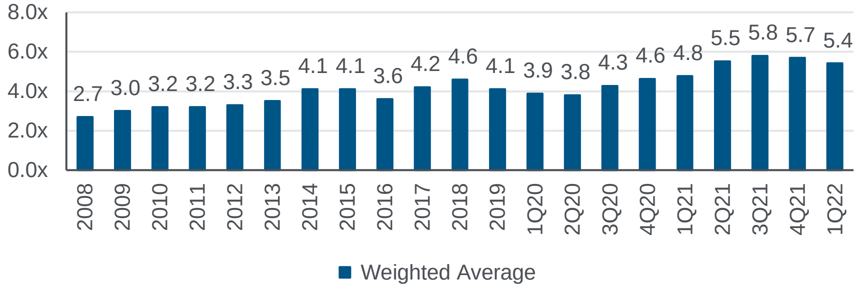
RATIO OF UPGRADES TO DOWNGRADES OF US LEVERAGED LOANS[1]



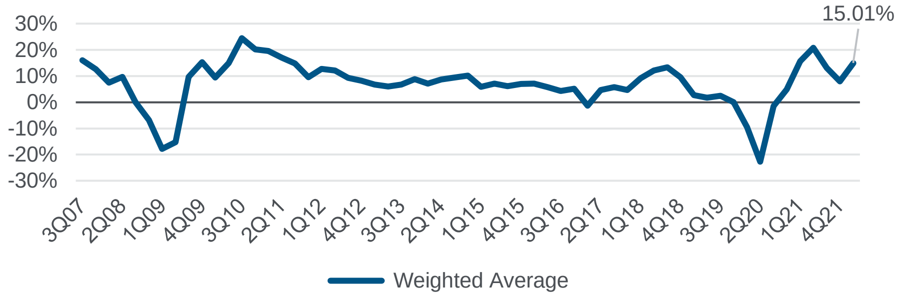
AVERAGE LEVERAGE RATIOS FOR NEW ISSUE LEVERAGED LOANS[2,3]



AVERAGE INTEREST COVERAGE OF PUBLIC ISSUERS' OUTSTANDING LOANS[4,5]



EBITDA GROWTH OF PUBLIC LEVERAGED LOAN ISSUERS[4,5]



**Please refer to the "XFLT Risk Considerations" section for important information regarding forward-looking statements.*

1. Source: S&P Capital IQ/SNL Financial Leveraged Commentary & Data, LLI Default Rates (June 30, 2022). Data for loans represents metrics for the S&P/LSTA Leveraged Loan Index (the "S&P/LSTA LLI").
2. Source: S&P Capital IQ/SNL Financial Leveraged Commentary & Data, "LCD Quarterly Review: Second Quarter 2022, Commentary Charts" (June 30, 2022). Data for loans represents metrics for the S&P/LSTA Leveraged Loan Index (the "S&P/LSTA LLI").
3. Includes issuers with EBITDA greater than $50mm.
4. Source: S&P Capital IQ/SNL Financial Leveraged Commentary & Data, S&P/LSTA Leveraged Loan Index: Current Credit Statistics (March 2022). Data for loans represents metrics for the S&P/LSTA Leveraged Loan Index (the "S&P/LSTA LLI").
5. The sample for the latest quarter includes 150 companies within the S&P/LSTA Leveraged Loan Index that file results publicly, or just over 13% of the Index. For this analysis, LCD draws its performance metrics and total debt levels from S&P Capital IQ.

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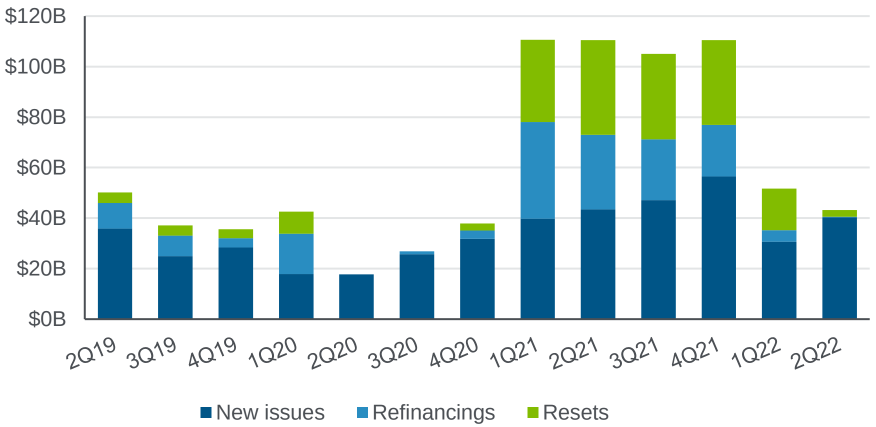
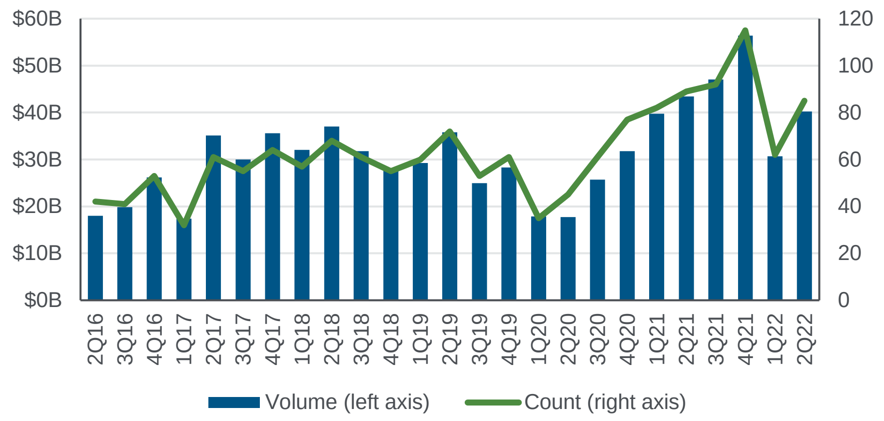
Supportive Technical Dynamics

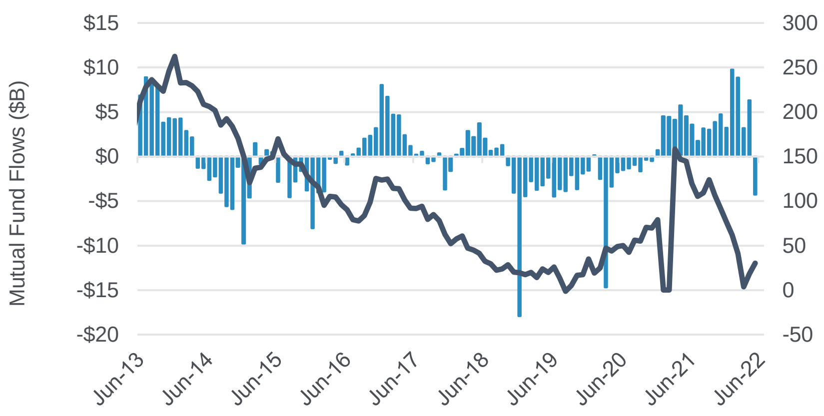
QUARTERLY US CLO TOTAL VOLUME[1]



QUARTERLY NEW CLO ISSUANCE[1]



RETAIL LOAN FUND FLOWS[2] VS. 2-10 Y TREASURY SPREADS[3]



INSTITUTIONAL NEW ISSUE LEVERAGED LOAN VOLUME[1]

**Please refer to the "XFLT Risk Considerations" section for important information regarding forward-looking statements.*

1. Source: S&P Capital IQ/SNL Financial LCD News, LCD Global CLO Databank (June 30, 2022).
2. Source: S&P Capital IQ/SNL Financial LCD News, LCD Quarterly Review – First Quarter 2022 (June 30, 2022).
3. Source: JP Morgan Markets (June 30, 2022).

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Bank Loan Market Conditions & Outlook

- **Significant loan market volatility has continued on the heels of slowing economic growth, rising rates, supply chain issues, and the potential for recession**
  - The S&P/LSTA Leveraged Loan Index ("LLI") returned -2.16% in June; 1H return of -4.55%[1]
  - The LLI is trading is at $92.06, as of 7/14[1]
    - Average price of each rating cohort – BBs: $94.67, Bs: $91.84, CCCs: $80.40[1]
  - S&P/LSTA L100 1H return of -5.48%[2]; a result of liquidity-driven selling
  - Downgrades beginning to outpace upgrades
  - Investor sentiment remains risk-off; BBs and Bs significantly outperforming CCCs on a YTD basis
- **Slowing growth and rising interest rates may pressure credit metrics**
  - Corporate balance sheets enter current period of volatility on relatively solid footing
  - Generally, we expect inflationary pressures to vary by industry and issuer
  - Maturity walls extended – less than 10% of the LLI matures before 2025[1]
  - Many issuers hedge portions of their floating rate exposure
- **Conflicting loan market supply-demand technicals**
  - For the five weeks ended July 13th, loan retail outflows were in excess of $6.5B[1]
  - 1H CLO issuance was down 13% year-on-year[3], though, lower loan prices continue to drive some "print and sprint" ("P&S") CLO transactions
  - Forward calendar remains relatively light, despite a handful of mega deals still in the pipeline
- **All-in yields for loans among highest levels since the GFC**
  - Loans trading at a substantial discount offers significant convexity; LLI's weighted avg. bid price at $92.06, as of 7/14[1]
  - As of 7/14, loan market 3-Year Yield of 9.87% and YTM of 8.97%[4] using the forward LIBOR/SOFR curve
    - Spread to 3-year takeout: 669bps[4]

**Please refer to the "XFLT Risk Considerations" section for important information regarding forward-looking statements.*

1. Source: S&P/LSTA Leveraged Loan Index; Leveraged Commentary & Data (LCD) (June 30, 2022 & July 14, 2022). Data for loans represents metrics for the S&P/LSTA Leveraged Loan Index (the "S&P/LSTA LLI")
2. Source: Leveraged Commentary & Data (LCD) (June 30, 2022). Data represents metrics for the S&P/LSTA US Leveraged Loan 100 Index (the "S&P/LSTA L100")
3. Source: Barclays Global Credit Research, "CLO & Leveraged Loan Monthly Update: June 2022" (July 5, 2022).
4. Source: J.P. Morgan North America Credit Research, "US High Yield and Leveraged Loan Daily Updates", (July 15, 2022).

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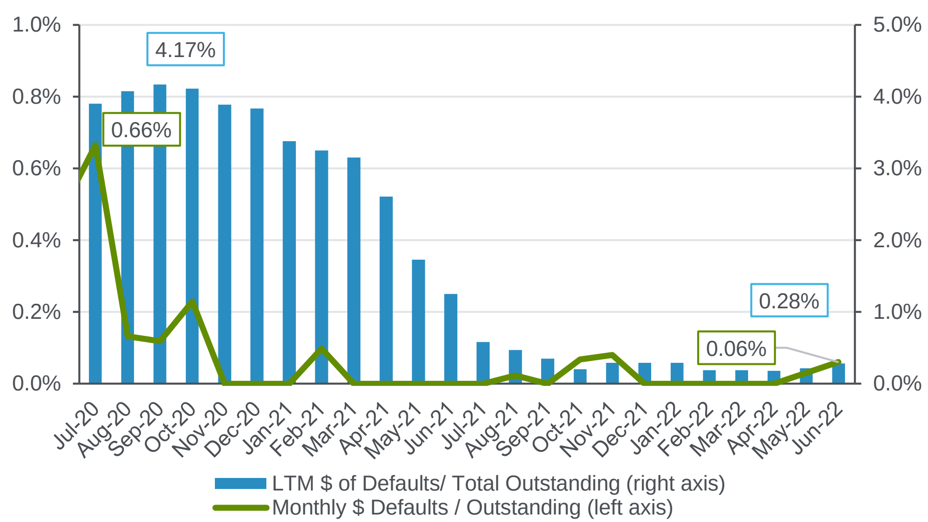
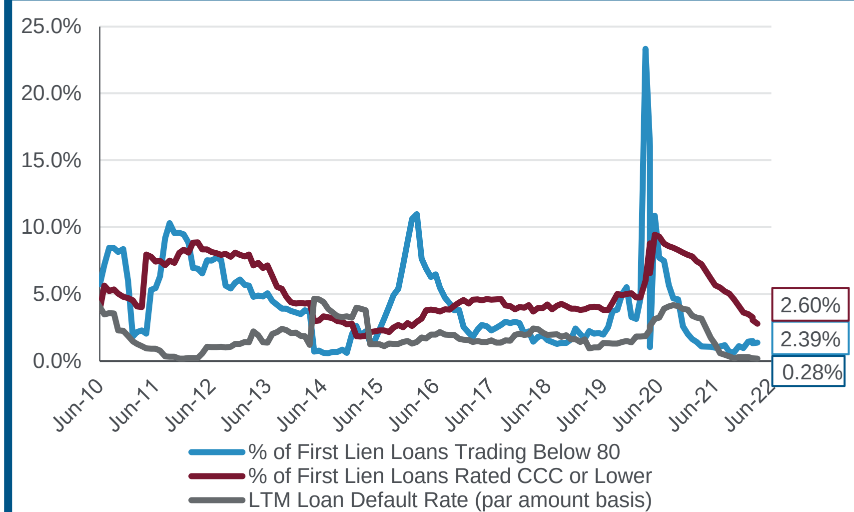
Trailing Loan Default Rates and Stress Indicators Low, but Expected to Increase

- LTM LLI Default Rate is 0.28% as of 6/30[1,2]
- Loan defaults represent a lagging indicator. While many loan participants expect near-term defaults to increase from current lows, they are expected to remain below the long-term historical average of ~2.6%[3]

LOAN DEFAULTS[2]



LOAN DEFAULTS AND STRESS INDICATORS[4]



**Please refer to the "XFLT Risk Considerations" section for important information regarding forward-looking statements.*

1. Source: S&P Global Market Intelligence (June 30, 2022). Data for loans represents metrics for the S&P/LSTA Leveraged Loan Index (the "S&P/LSTA LLI").
2. Source: S&P Capital IQ/SNL Financial LCD Research (June 30, 2022). S&P/LSTA LLI default rate represents lagging 12-month default rate by principal amount as of the respective period. The S&P/LSTA LLI generally mirrors the universe of leveraged loans syndicated in the US. Defaults for the S&P/LSTA LLI do not represent the default experience of any particular investment manager or manager peer set. Defaults represent all loans including loans not included in the LSTA/LPC mark-to-market service. Represents the long-term historical average (beginning in January 1999) of the lagging 12-month default rate for the S&P/LSTA Leveraged Loan Index by principal amount as of June 30, 2022. Default rate is calculated as the amount default over the last 12 months divided by the amount outstanding at the beginning of the 12-month period. Represents all loans including loans not included in the LSTA/LPC mark-to-market service. Source: LCD News (June 30, 2022). Past defaults are not an indication of future default rates.
3. Represents the long-term historical average (beginning in January 1999) of the lagging 12-month default rate for the S&P/LSTA Leveraged Loan Index by principal amount as of June 30, 2022. Default rate is calculated as the amount default over the last 12 months divided by the amount outstanding at the beginning of the 12-month period. Represents all loans including loans not included in the LSTA/LPC mark-to-market service. Source: LCD News (June 30, 2022). Past defaults are not an indication of future default rates.
4. Source: S&P Capital IQ/SNL Financial LCD Research. Represents all first lien loans (excluding defaulted loans) in the S&P/LSTA LLI marked at an average bid price below 80 or rated CCC or below (June 30, 2022). S&P/LSTA LLI default rate represents lagging 12-month default rate by principal amount as of the respective period. Historical LTM default rate includes EFH (aka TXU), which was included in the default rate from April 2014-March 2015. The S&P/LSTA LLI generally mirrors the universe of leveraged loans syndicated in the US. Defaults for the S&P/LSTA LLI do not represent the default experience of any particular investment manager or manager peer set. Index default rate is calculated as the amount defaulted over the last 12 months divided by the amount outstanding at the beginning of the 12-month period. Defaults represent all loans including loans not included in the LSTA/LPC mark-to-market service.

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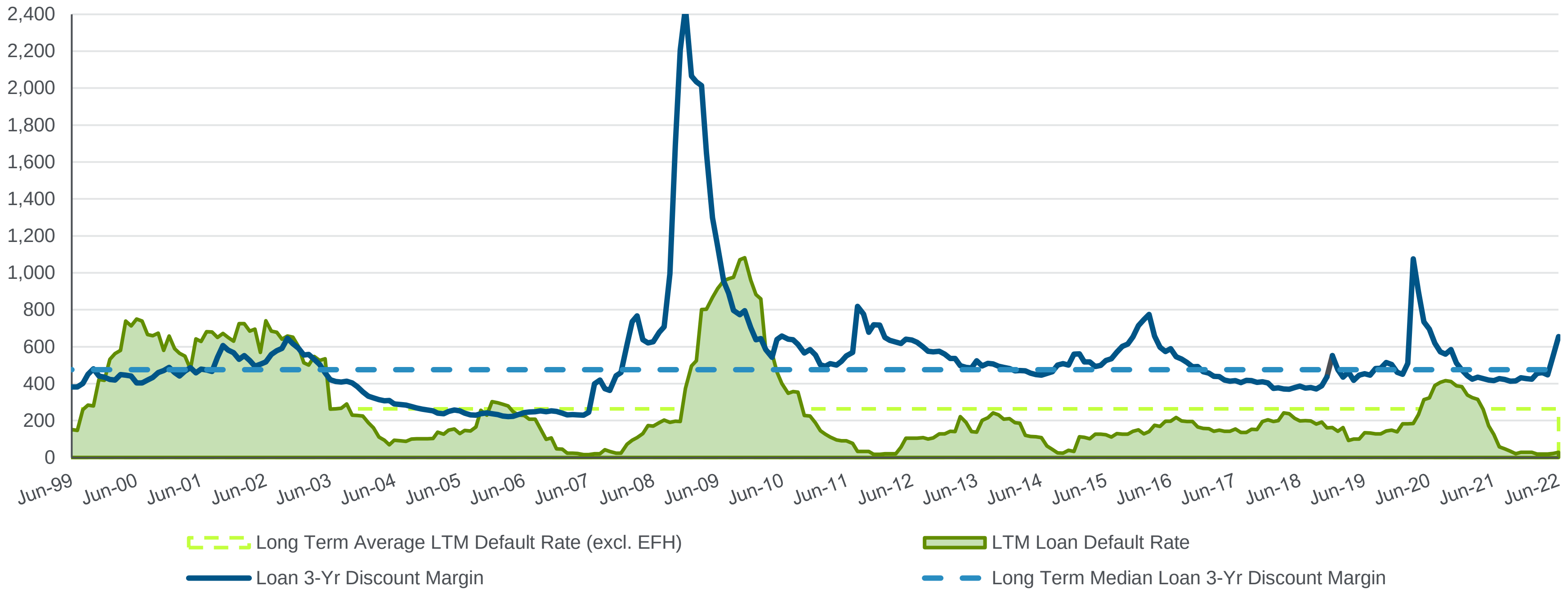
Loan Spreads Wide to Historical Averages, While Trailing Defaults Remain Low

- As of 6/30, LTM loan default rate = 0.28%[1] vs. historical annual average of 2.64%[2]; defaults expected to increase in near-to-medium term
- Loan 3Y discount margin = L+655bps[3] vs. long-term median of L+475bps[3]

HISTORICAL LOAN SPREADS AND DEFAULT RATES



**Please refer to the "XFLT Risk Considerations" section for important information regarding forward-looking statements.*

1. Represents lagging 12-month default rate for the S&P/LSTA Leveraged Loan Index by principal amount as of June 30, 2022. Default rate is calculated as the amount default over the last 12 months divided by the amount outstanding at the beginning of the 12-month period. Represents all loans including loans not included in the LSTA/LPC mark-to-market service. Source: LCD News (June 30, 2022). Past defaults are not an indication of future default rates.
2. Represents the long-term historical average (beginning in January 1999) of the lagging 12-month default rate for the S&P/LSTA Leveraged Loan Index by principal amount as of June 30, 2022. Default rate is calculated as the amount default over the last 12 months divided by the amount outstanding at the beginning of the 12-month period. Represents all loans including loans not included in the LSTA/LPC mark-to-market service. Source: LCD News (June 30, 2022). Past defaults are not an indication of future default rates.
3. As of June 30, 2022. Represents the average 3 Year Discount Margin for the S&P/LSTA Leveraged Loan Index. "Long Term Median Loan 3 Yr Discount Margin" represents the median of average 3 Year Discount Margins at month-end starting January 31, 1999. Source: S&P Capital IQ/SNL Financial LCD Research.

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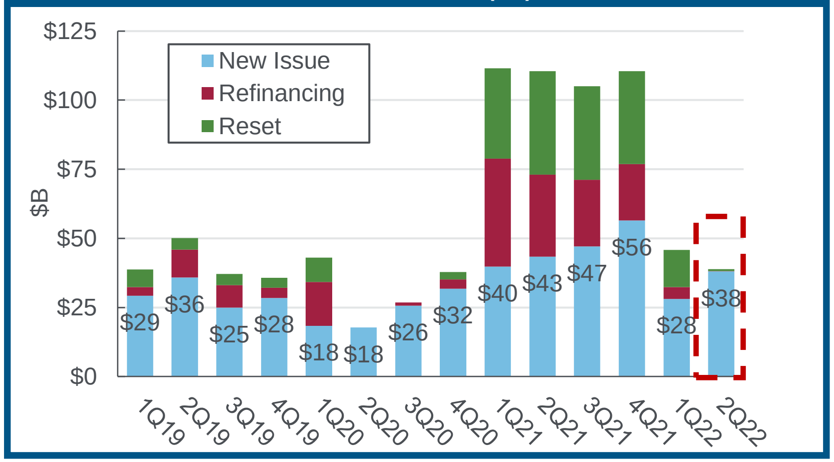
CLO Market Conditions

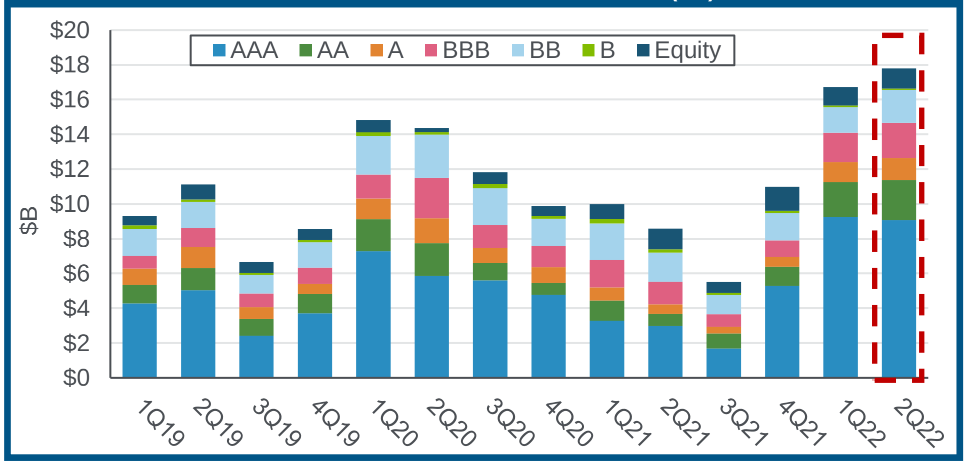
- **Despite increasing headwinds and material CLO spread widening in 2022, YTD new CLO issuance is down only 13% year-over-year[1]**
  - $38B of new CLOs priced in 2Q, roughly in-line with average quarterly volumes in 2021[1]
  - Given discounted loan prices, CLO print & sprint transactions gained traction in 2Q and represented a significant amount of quarterly new issue supply
  - New issue AAA investor participation has narrowed

- **Secondary CLO trading activity remained elevated in 2Q at ~$18B; 1H22 secondary volume totals ~$34.4B[2]**
  - 2Q BWIC volume ($17.8B) was the heaviest quarterly amount on record[2]
    - 1H22 BWIC volumes of $34.4B represent an 85% YoY increase[2]
  - Investment grade tranches (rated AAA-A) comprised 71% of total 2Q BWIC supply[2], as many top-of-the-stack investors sought to raise liquidity or rotate into assets trading at comparatively steeper discounts
  - Amid broader market volatility, CLO BB and Equity BWIC volumes increased 29% and 9%, respectively, quarter-over-quarter[2]

US CLO SUPPLY (B$)[1]



US CLO BWIC VOLUME BY TRANCHE (B$)[3]



**Please refer to the "XFLT Risk Considerations" section for important information regarding forward-looking statements.*

1. Source: Barclays Global Credit Research, "CLO & Leveraged Loan Monthly Update: June 2022" (July 5, 2022).
2. Source: J.P. Morgan CLO Research (July 14, 2022).
3. Source: J.P. Morgan Markets DataQuery. Represents the post crisis J.P. Morgan Collateralized Loan Obligation Index ("CLOIE"). The CLOIE is a benchmark to track the market for US dollar denominated broadly-syndicated, arbitrage CLOs. The CLOIE is divided by origination (pre- versus post-crisis) and is broken out further into six original rating classes (AAA, AA, A, BBB, BB, B). (June 30, 2022).

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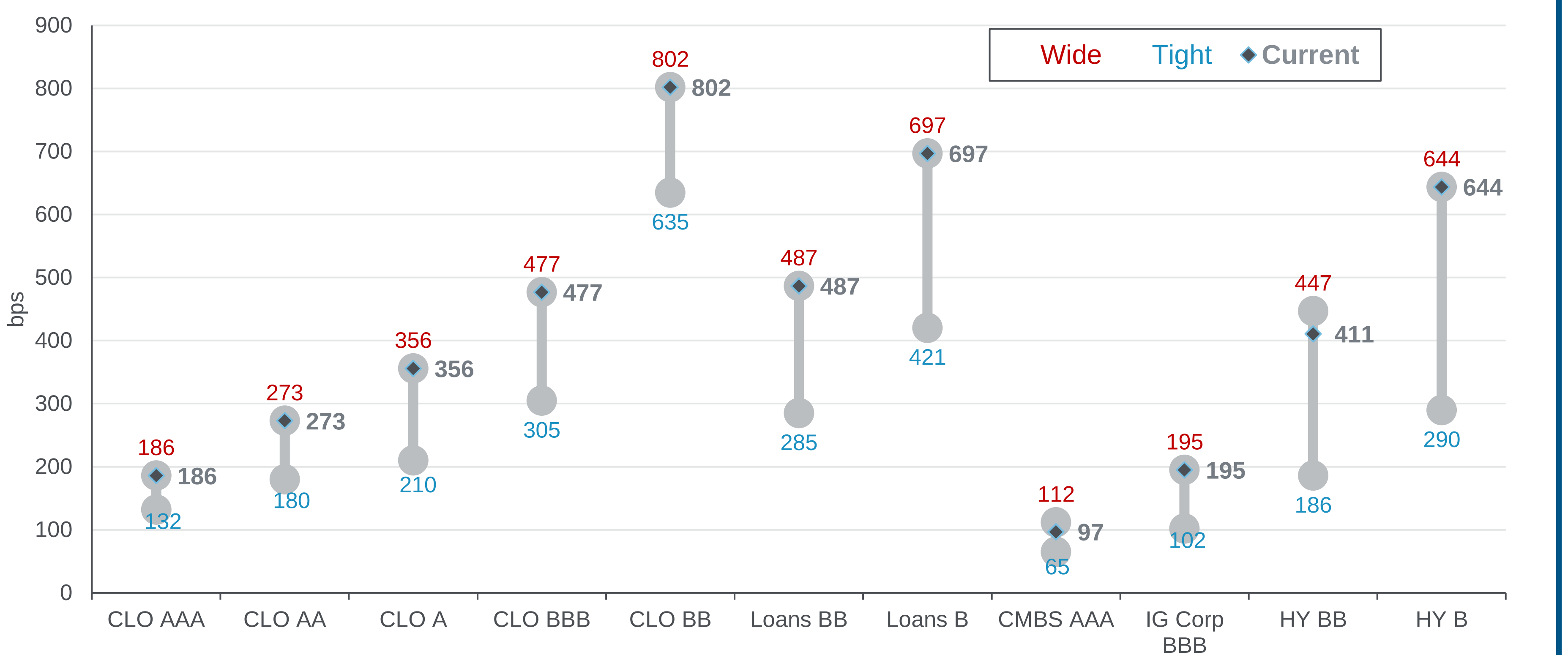
CLO Market Conditions

- **New issue CLO spreads widened considerably in 2Q in concert with secondary CLO spread levels, reflecting investors' increasingly risk-off sentiment amid a dampening growth outlook and fears of a potential recession**

US NEW ISSUE CLO DISCOUNT MARGIN ("DM") RANGES IN THE PAST 24 MONTHS vs. DM/SPREAD RANGES FOR COMPARABLE ASSET CLASSES[1] as of June 30, 2022



**Please refer to the "XFLT Risk Considerations" section for important information regarding forward-looking statements.*

1. CLO AAA/AA/A/BBB/BB metrics represent generic US CLO DMs (excluding middle market deals) and reflect the spread over SOFR from January 2022 onward. Source: Barclays Credit Research, "CLO & Leveraged Loan Monthly Update – June 2022" (July 11, 2022). Loans BB/B represent 3-year discount margin for the respective sub-index of the S&P/LSTA Leveraged Loan Index. Source: LCD, an offering of S&P Global Market Intelligence. CMBS AAA represents primary CMBS AAA spread; IG Corp BBB represents IG cash index option adjusted spread (OAS); HY BB/B represent HY cash index spread-to-worst (STW) for respective rating sub-index. CMBS, IG Corp, and HY data source: Morgan Stanley Research, Global CLOs "CLO Tracker June 2022" (July 8, 2022).

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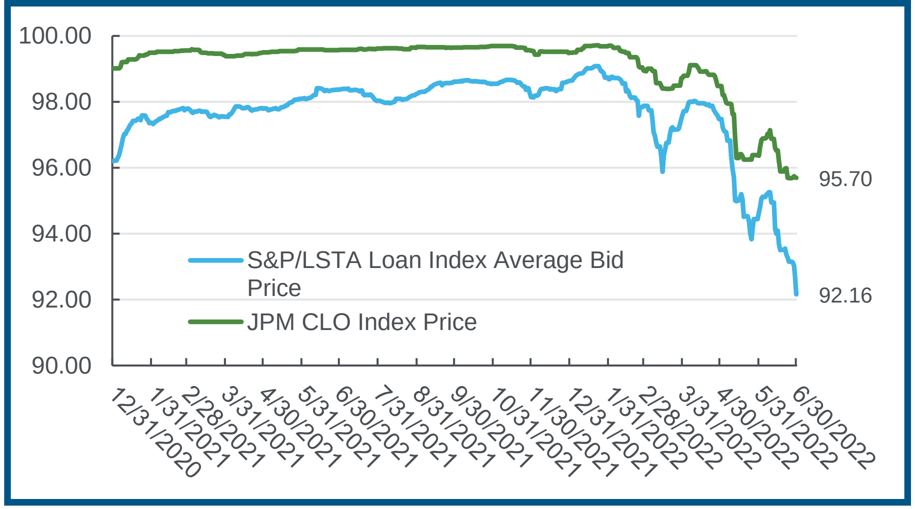
CLO Market Conditions

- **Loans and CLOs traded down significantly in 2Q – a result of imbalanced technicals, rotation into cheaper asset classes, and investor risk-off sentiment**
- **2Q CLO debt performance by tranche and prices as of 6/30/22 (as measured by J.P. Morgan CLO Index or "CLOIE")[1]:**

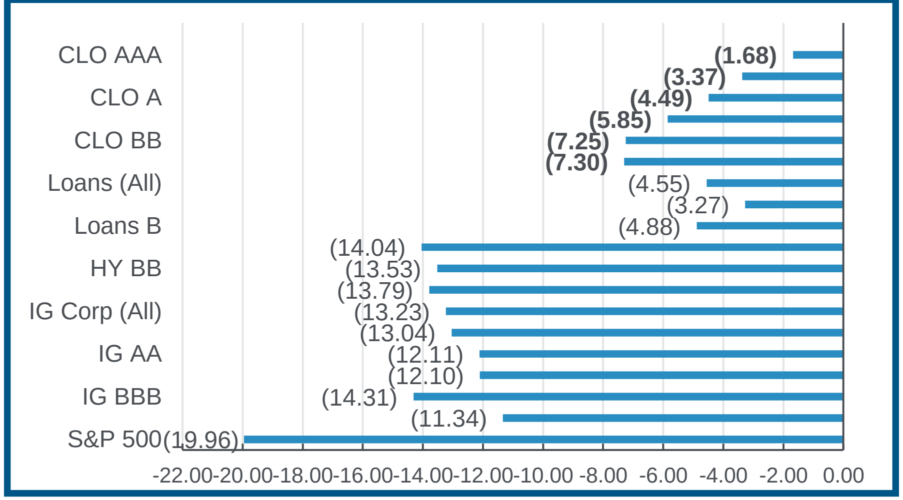
AAA = (1.42%) / $97.34	BBB = (5.85%) / $90.75
AA = (3.05%) / $95.14	BB = (6.94%) / $85.39
A = (3.97%) / $93.66	B = (8.60%) / $74.55

- **Loans returned -4.45% in 2Q22 (as measured by the S&P/LSTA Leveraged Loan Index or "S&P/LSTA LLI")**
  - Average bid price for S&P/LSTA LLI as of 6/30/2022 = $92.16[2]

WEIGHTED AVERAGE BID PRICE OF LOANS[2] & CLO DEBT[3]



CLOS vs. OTHER ASSETS – YTD TOTAL RETURN AS OF 6/30[3]



Note: Standard & Poor's (S&P) uses a scale divided into two categories: The first category, "Investment," includes ratings ranging from AAA to BBB-. It groups together the ratings given to bonds considered financially solid. The second category, "Speculative," ranges from BB+ to D. It groups together the ratings given to bonds considered at risk.

**Please refer to the "XFLT Risk Considerations" section for important information regarding forward-looking statements.*

1. Source: J.P. Morgan Markets DataQuery. Represents the post crisis J.P. Morgan Collateralized Loan Obligation Index ("CLOIE"). The CLOIE is a benchmark to track the market for US dollar denominated broadly-syndicated, arbitrage CLOs. The CLOIE is divided by origination (pre- versus post-crisis) and is broken out further into six original rating classes (AAA, AA, A, BBB, BB, B). (June 30, 2022).
2. Source: LCD, an offering of S&P Global Market Intelligence, as of June 30, 2022 (unless otherwise noted). Represents metrics for the S&P/LSTA Leveraged Loan Index ("S&P/LSTA LLI").
3. CLO AAA/AA/A/BBB/BB/B represents post-crisis CLOIE, as further described herein. Loans (All)/BB/B represent the S&P/LSTA LLI or respective sub-index, as further described herein. IG Corp (All)/AAA/AA/A represent the J.P. Morgan US JULI Index or respective sub-index. Source: J.P. Morgan Data Query. HY Corp (All)/BB/B represents the ICE BofA US High Yield Index or respective sub-index. Source: ICE BofA, as of March 31, 2022. It is impossible to invest directly in any of the aforementioned indices. Data for UST 10Y and S&P 500 Index sourced from LCD, an offering of S&P Global Market Intelligence. Past performance is not a predictor of future market performance.

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CLO Market Conditions & Outlook

- **CLO formation was robust in 2Q despite increased softness in the loan market, and we expect new CLO formation to continue, albeit likely at lower levels versus 1H 2022**
  - Discounted loan prices providing for increasing prevalence of print & sprint CLO transactions
  - Many of the estimated 220+ open CLO warehouses[1] are currently underwater, though we expect the vast majority with longer tenors to tread the current period of volatility
- **Narrower CLO AAA buyer base could potentially reduce 2H CLO new issuance volumes**
  - Japanese AAA bid has resurfaced
  - It is expected that many US banks will have limited appetite in an effort to reduce risk-weighted assets[2]
  - Limited AAA buyer base may restrict issuance activity to solely top-tier managers
- **Though CLO fundamentals generally remain on sound footing; expectation for modest deterioration over near-term**
  - Median CLO WARFs have modestly increased
  - Median CCC/Caa percentages remain low at 3.7% and 3.2%, respectively, though, issuer-specific underperformance could drive increased rating agency downgrade activity over the near-term
- **Secondary CLO spreads have widened significantly offering compelling relative value within the stack**
  - CLO AAAs are wide to historical levels
  - CLO BBBs currently offer significant spread pick-up vs. BB-rated loans and high yield bonds[3]
- **2Q was a turbulent quarter for CLO performance, but CLOs are outpacing many other asset classes on a YTD basis**

**Please refer to the "XFLT Risk Considerations" section for important information regarding forward-looking statements.*

1. Source: Citi Research, "US CLO Scorecard" (July 1, 2022)
2. Source: Morgan Stanley Research, Global CLOs "CLO Tracker July 2022" (July 8, 2022).
3. Source: Citi Research, "Global CLO Market Mid-Year Outlook" (July 15, 2022).

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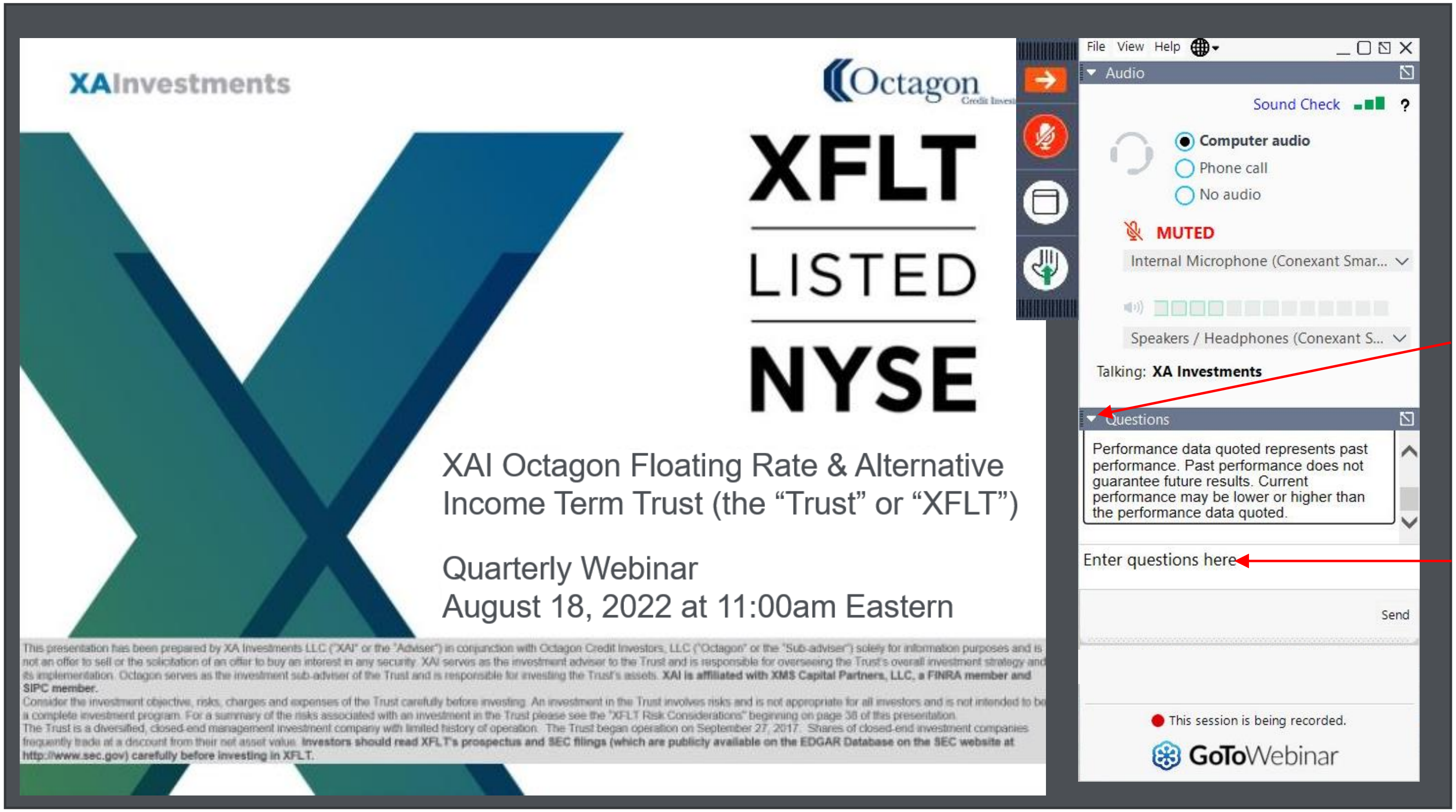
Webinar Questions?

Please use the Questions dropdown indicated below to submit your questions



Click arrow to open question box

Enter questions in this box

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XAInvestments.com | (888) 903-3358
321 North Clark Street Suite 2430 Chicago, IL 60654

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XFLT Total Portfolio Holdings and Financials

Full portfolio holdings and financials are available at:

https://xainvestments.com/funds/funds-floating-rate-alternative-income-term-trust-xflt

Below Investment Grade Securities Risk. The Trust invests primarily in below investment grade credit instruments, which are commonly referred to as “high-yield” securities or “junk” bonds. S&P uses a scale divided into two categories: The first category, “Investment,” includes ratings ranging from AAA to BBB-. It groups together the ratings given to bonds considered financially solid. The second category, “Speculative,” ranges from BB+ to D. S&P groups together the ratings given to bonds considered at risk. Moody’s also uses a two-scale rating approach for long-term obligations: “Investment Grade” rating range from Aaa to Baa3, while “Non-Investment Grade” rating range from Ba1 to C. Moody’s does not rate credit investments below C. A credit instrument is considered below investment grade quality if it is rated below investment grade (that is, below Baa3 by Moody’s or below BBB- by S&P or Fitch) or, if unrated, judged to be below investment grade quality by the Sub-Adviser. Below investment grade credit instruments are often referred to as “high yield” securities or “junk bonds.” Below investment grade credit instruments are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and to repay principal.

Rating agencies, such as Moody’s, S&P or Fitch, are private services that provide ratings of the credit quality of debt obligations. Ratings assigned by a rating agency are not absolute standards of credit quality but represent the opinion of the rating agency as to the quality of the obligation. Rating agencies may fail to make timely changes in credit ratings and an issuer’s current financial condition may be better or worse than a rating indicates. To the extent that the issuer of a security pays a rating agency for the analysis of its security, an inherent conflict of interest may exist that could affect the reliability of the rating. Ratings are relative and subjective and, although ratings may be useful in evaluating the safety of interest and principal payments, they do not evaluate the market value risk or liquidity of such obligations. To the extent that the Trust invests in unrated lower grade securities, the Trust’s ability to achieve its investment objective will be more dependent on the Sub-Adviser’s credit analysis than would be the case when the Trust invests in rated securities.

APPENDIX:
Additional Information, Glossary and Risk Considerations

CLO Considerations

Is there a CLO equity benchmark index?

Currently, no CLO equity index exists and none is expected since CLO equity returns differ by vintage (year of issuance), making index creation challenging. As such, there are no historical returns for the CLO equity marketplace. There are two fairly new CLO debt indices (J.P. Morgan CLO Index and Palmer Square CLO Debt Index) which provide historical post-crisis index return information.

What is XFLT's performance benchmark?

Because there is no CLO equity index, XFLT uses the leading senior loan benchmark which is the S&P/LSTA 100 Leveraged Loan Index as its performance benchmark.

What does the life of a typical CLO look like?

Life of the Typical CLO		
Pre-closing	Month 1 to Month 6	**Warehouse Period:** Underwriting bank provides CLO manager with financing to begin acquiring assets in advance of CLO closing. Equity investors provide first loss capital during the warehouse period
Closing	CLO comes into legal existence	
Post-closing	Month 1 to Month 3	**Ramp-Up Period:** Post-closing, proceeds from CLO debt issuance used to repay warehouse and purchase additional assets
	Month 4 to Year 4	**Non-Call Period:** Post Year 2, the equity investor(s) may direct original CLO liabilities to be refinanced (prepaid at par) and replaced with new liabilities in order to reduce interest expense
		Reinvestment Period: Collateral manager permitted to actively trade underlying assets to maximize value and ensure portfolio remains in compliance with collateral quality tests. Principal cash flows from underlying loan/bond assets used by the Collateral Manager to purchase new assets
	Year 5 to Maturity	**Amortization Period:** A portion of cash flows from asset amortization, prepayments/repayments, and sales are used to pay down outstanding CLO debt in order of seniority

What does it mean to reset or refinance a CLO?

When refinancing a CLO, the CLO capital stack is replaced at lower spreads, which reduces equity-tranche holders' cost of leverage and thus increases their return. The portfolio can be refinanced either partially or in full. In a CLO reset, the original deal, including the loans it owns, remains in place and its reinvestment period or maturity is extended to allow the deal to remain outstanding longer. CLOs typically have a four-year reinvestment and once that timeframe is up, there may be restrictions on buying new loans. A CLO can only be reset or refinanced after its non-call period.

Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted.

Glossary

TERM	DEFINITION
Accredited Investor	Generally, anyone who earned income that exceeded $200,000 (or $300,000 together with a spouse) in each of the prior two years, and reasonably expects the same for the current year, or has a net worth over $1 million, either alone or together with a spouse (excluding the value of the person’s primary residence).
Alpha	A measure of the excess return of a manager or a fund relative to the return of the benchmark index.
Alternative Investments	Investments in assets other than stocks, bonds and cash or investments using strategies that go beyond traditional ways of investing. Because alternatives tend to behave differently than typical stock and bond investments, adding them to a portfolio may provide broader diversification, reduce risk, and enhance returns.
Barclays Corporate Bond Index	This index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility, and financial markets.
Basis Point	A unit of measure used to describe the percentage changes in the value or rate of an instrument. One basis point is equivalent to 0.01%.
BDC (Business Development Company)	A type of closed-end fund that must invest at least 70% of its assets in private or public U.S. firms with market values of less than $250 million. BDCs may be structured as listed or non-listed funds.
BWIC (Bids Wanted in Competition)	Refers to a type of secondary “auction” of loans of bonds where an institutional investor/security holder offers up a portfolio of securities via a dealer. The dealer will then put out a BWIC, asking potential buyers to submit bids for the securities/portfolio as a whole.
Cash Drag	Uninvested assets in a fund or account are sometimes called cash drag because your cash is not participating in the market and has no upside or downside potential.
CLO (Collateralized Loan Obligation)	A type of structured credit. CLOs invest in a diverse portfolio of broadly syndicated senior secured loans. CLOs finance this pool of loans with a capital structure that consists of debt and equity.
Collateral	A property or other asset that a borrower offers as a way for a lender to secure the loan. If the borrower stops making the promised loan payments, the lender can seize the collateral to recoup its losses.
Correlation	A statistical measure of how two securities move in relation to one another. The correlation coefficient, or indicator of related movement, ranges from 1 to -1.
Duration	A measure expressed in years of the sensitivity of the price of a fixed-income investment to a change in interest rates.
J.P. Morgan Domestic High Yield Index	This index is designed to mirror the investable universe of the U.S. dollar domestic high yield corporate debt market.
J.P. Morgan Collateralized Loan Obligation Index (“CLOIE”)	The CLOIE index is a benchmark to track the market for US dollar denominated broadly-syndicated, arbitrage CLOs. The CLOIE is divided by origination (pre- versus post-crisis) and is broken out further into six original rating classes (AAA, AA, A, BBB, BB, B).

Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted.

Glossary (cont.)

TERM	DEFINITION
First Lien	A security interest in one or more assets that lenders hold in exchange for secured debt financing. The first lien to be recorded is paid first.
LIBOR	A benchmark rate that some of the world's leading banks charge each other for short-term loans. LIBOR stands for 'London Interbank Offered Rate.' LIBOR is currently being phased out, with the syndicated debt and CLO securities markets transitioning to alternative reference rates.
LIBOR/SOFR Floor	Ensures that investors receive a guaranteed minimum yield on the loans in which they invest, regardless of how low the LIBOR or SOFR benchmark rates falls.
LTM (Last Twelve Months)	The timeframe of the immediately preceding 12 months.
Mark-to-Market	A measure of the value of an asset or liability, based on current market price.
MLP (Master Limited Partnership)	A type of publicly-traded limited partnership which must generate 90% of their income from qualifying sources, such as exploration, extraction, refining and transporting oil and alternative fuels.
REIT (Real Estate Investment Trust)	A type of security that invests in real estate through property or mortgages. At least 75% of a REIT's assets must be invested in real estate, cash or U.S. Treasuries and 75% of gross income must be derived from real assets. REITs are structured as listed or non-listed REITs.
S&P 500 Index	The S&P 500 Index is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies. The index is widely regarded as the best gauge of large-cap U.S. equities.
S&P/LSTA Leveraged Loan 100 Index	The S&P/LSTA U.S. Leveraged Loan 100 Index ("S&P LLI or LLI") is designed to reflect the performance of the largest facilities in the leveraged loan market.
Second Lien	Debts that are subordinate to the rights of more senior debts (i.e., first lien instruments) issued against the same collateral or portions of the same collateral.
S&P Leveraged Loan Index (LLI)	The S&P/LSTA U.S. Leveraged Loan Index ("S&P LLI or LLI") is designed to reflect the performance of the all the leveraged loan facilities in the leveraged loan market.
Senior Secured Loans	Debt obligations (also commonly referred to as "senior loans" or "floating rate loans"), issued by a bank to a corporation that holds legal claim to the borrower's assets above all other debt obligations. Senior secured loans have floating rates that typically fluctuate according to the LIBOR.
Sharpe Ratio	Measure of an investment's historical returns adjusted for risk or volatility.
SOFR	The Secured Overnight Financing Rate (SOFR) is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.
Standard Deviation	Measures the volatility of an investment return. The larger the standard deviation, the larger the potential movement – up or down – of an investment return.
Tranche	Related securities that are portions of a deal or structured financing, but have different risks, return potential and/or maturities.
Volcker Rule	Prohibits banks from proprietary trading and restricts investment in hedge funds and private equity by commercial banks and their affiliates.
Waterfall	A hierarchy establishing the order in which funds are to be distributed in a CLO.

Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted.

XFLT Summary Risks

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

- Limited Prior History
- Investment and Market Risk
- Structured Credit Instruments Risk
- Below Investment Grade Securities Risk
- Market Discount Risk
- CLO Risk
- CLO Subordinated Note Risk
- Corporate Credit Investments Risk
- Senior Loan Risk
- Second Lien Loans Risk
- Unsecured Loan Risk
- Loan Participation and Assignment Risk
- Illiquid Investments Risk
- Stressed and Distressed Investments Risk
- Leverage Risk
- Other Investment Companies Risk
- Exchange-Traded Fund Risk
- Short Sales Risk
- LIBOR/SOFR Risk
- Derivatives Risk
- Off-Exchange Derivatives Risk
- Options Risk
- Futures Risk
- Swaps Risk
- Credit Default Swaps Risk
- Hedging Transactions Risk
- Counterparty Risk
- Synthetic Investment Risk
- Segregation and Cover Risk
- Interest Rate Risk
- Prepayment Risk
- Inflation/Deflation Risk
- Duration and Maturity Risk
- Credit Risk
- Non-U.S. Investments Risk
- Equity Investments Risk
- Limited Term Risk

Performance achieved prior to December 31, 2021 is predominantly based on investments that use USD LIBOR as a reference rate. LIBOR is currently being phased out, with the syndicated debt and CLO securities markets transitioning to alternative reference rates. The Trust holds assets referencing LIBOR and assets referencing SOFR. There is no guarantee that the performance of individual investments or the syndicated debt and CLO securities markets as a whole during the transition period (or ultimately) will be consistent with performance achieved during the LIBOR era.
For additional risks relating to investments in the Trust, please see "Risks" in the Trust's prospectus, which is publicly available on the EDGAR Database on the SEC website at http://www.sec.gov.

XFLT Risk Considerations

Investment in the Trust involves special risk considerations, which are summarized below. The Trust is designed as a long-term investment and not as a trading vehicle. The Trust is not intended to be a complete investment program. The Trust's performance and the value of its investments will vary in response to changes in interest rates, inflation and other market factors. Investors should see the "Risks" section in the Trust's most recent Annual Report on Form N-CSR for a detailed discussion of factors investors should consider carefully before deciding to invest in the Trust's Shares.

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

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

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

Market Discount Risk. Shares of closed-end management investment companies frequently trade at a discount from their net asset value, which is a risk separate and distinct from the risk that the Trust's net asset value could decrease as a result of its investment activities. Although the value of the Trust's net assets is generally considered by market participants in determining whether to purchase or sell Common Shares, whether investors will realize gains or losses upon the sale of Common Shares will depend entirely upon whether the market price of Common Shares at the time of sale is above or below the investor's purchase price for Common Shares. Because the market price of Common Shares will be determined by factors such as net asset value, dividend and distribution levels (which are dependent, in part, on expenses), supply of and demand for Common Shares, stability of dividends or distributions, trading volume of Common Shares, general market and economic conditions and other factors beyond the control of the Trust, the Trust cannot predict whether Common Shares will trade at, below or above net asset value or at, below or above the initial public offering price. This risk may be greater for investors expecting to sell their Common Shares soon after the completion of the public offering, as the net asset value of the Common Shares will be reduced immediately following the offering as a result of the payment of certain offering costs. Common Shares of the Trust are designed primarily for long-term investors; investors in Common Shares should not view the Trust as a vehicle for trading purposes.

CLO Risk. CLOs often involve risks that are different from or more acute than risks associated with other types of credit instruments. For instance, due to their often complicated structures, various CLOs may be difficult to value and may constitute illiquid investments. In addition, there can be no assurance that a liquid market will exist in any CLO when the Trust seeks to sell its interest therein. Moreover, the value of CLOs may decrease if the ratings agencies reviewing such securities revise their ratings criteria and, as a result, lower their original rating of a CLO in which the Trust has invested.

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

XFLT Risk Considerations

CLO Subordinated Note Risk. The Trust may invest in subordinated notes issued by a CLO, which are junior in priority of payment and are subject to certain payment restrictions generally set forth in an indenture governing the notes. In addition, they generally have only limited voting rights and generally do not benefit from any creditors' rights or ability to exercise remedies under the indenture governing the notes. The subordinated notes are not guaranteed by another party. The subordinated notes are unsecured and rank behind all of the secured creditors, known or unknown, of the issuer, including the holders of the secured notes it has issued. Consequently, to the extent that the value of the issuer's portfolio of loan investments has been reduced as a result of conditions in the credit markets, defaulted loans, capital gains and losses on the underlying assets, prepayment or changes in interest rates, the value of the subordinated notes realized at their redemption could be reduced. Accordingly, the subordinated notes may not be paid in full and may be subject to up to 100% loss. Subordinated notes are subject to greater risk that the senior notes issued by the CLO. CLO subordinated notes do not have a fixed coupon and payments on CLO subordinated notes will be based on the income received from the underlying collateral and the payments made to the secured notes, both of which may be based on floating notes. While payments on CLO subordinated notes will vary, CLO subordinated notes may not offer the same level of protection against changes in interest rates as other floating-rate instruments. Subordinated notes are illiquid investments and subject to extensive transfer restrictions, and no party is under any obligation to make a market for subordinated notes.

Corporate Credit Investments Risk. Corporate debt instruments pay fixed, variable or floating rates of interest. The value of fixed-income securities in which the Trust invests will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed-income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

Senior Loan Risk. Senior Loans are generally of below investment grade credit quality and are subject to greater risks than investment grade corporate obligations. The prices of these investments may be volatile and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including, but not limited to, changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, U.S. and non-U.S. economic or political events, developments or trends in any particular industry, and the financial condition of certain Borrowers.

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

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

Loan Participation and Assignment Risk. The Trust may purchase Senior Loans, second lien loans and unsecured loans on a direct assignment basis from a participant in the original syndicate of lenders or from subsequent assignees of such interests. The Trust may also purchase, without limitation, participations in Senior Loans, second lien loans and unsecured loans. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, the purchaser's rights can be more restricted than those of the assigning institution, and, in any event, the Trust may not be able to unilaterally enforce all rights and remedies under the loan and with regard to any associated collateral. A participation typically results in a contractual relationship only with the institution participating out the interest, not with the Borrower. In purchasing participations, the Trust generally will have no right to enforce compliance by the Borrower with the terms of the loan agreement against the Borrower, and the Trust may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, the Trust will be exposed to the credit risk of both the Borrower and the institution selling the participation.
Further, in purchasing participations in lending syndicates, the Trust may not be able to conduct the same due diligence on the Borrower with respect to a loan hat the Trust would otherwise conduct. In addition, as a holder of the participations, the Trust may not have voting rights or inspection rights that the Trust would otherwise have if it were investing directly in the loan, which may result in the Trust being exposed to greater credit or fraud risk with respect to the Borrower.

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

Stressed and Distressed Investments Risk. The Trust may invest in stressed and distressed securities. The ability of the Trust to obtain a profit from these investments may often depend upon factors that are intrinsic to the particular issuer, rather than the market as a whole. Appreciation in the value of such securities may be contingent upon the occurrence of certain events, such as a successful reorganization or merger. If the expected event does not occur, the Trust may incur a loss on the position. Distressed securities may have a limited trading market, resulting in limited liquidity and presenting difficulties to the Trust in valuing its positions. Due to the illiquid nature of many distressed investments, as well as the uncertainties of the reorganization and active management process, the Sub-Adviser may be unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available. Certain distressed investment opportunities may allow a holder to have significant influence on the management, operations and strategic direction of the portfolio companies in which it invests.

XFLT Risk Considerations

Leverage Risk. The Trust uses leverage to seek to enhance total return and income. The Trust may use leverage through (i) the issuance of senior securities representing indebtedness, including through borrowing from financial institutions or issuance of debt securities, including notes or commercial paper (collectively, "Indebtedness"), (ii) the issuance of preferred shares ("Preferred Shares") and/or (iii) reverse repurchase agreements, securities lending, short sales or derivatives, such as swaps, futures or forward contracts, that have the effect of leverage ("portfolio leverage"). The Trust will not utilize leverage, either through Indebtedness, Preferred Shares or portfolio leverage, in an aggregate amount in excess of 40% of the Trust's Managed Assets (including the proceeds of leverage).
The Trust has entered into a revolving credit facility and any borrowings through the credit facility are secured by eligible securities held in the Trust's portfolio of investments. The Trust has also issued Series 2026 Term Preferred Shares, which are senior securities that constitute shares of beneficial interest of the Trust. The 2026 Preferred Shares rank senior to the Trust's Common Shares in priority of payment of dividends and as to the distribution of assets upon dissolution, liquidation or winding up of the Trust's affairs; equal in priority with all other future series of Preferred Shares the Trust may issue as to priority of payment of dividends and as to distributions of assets upon dissolution, liquidation or the winding-up of the Trust's affairs; and subordinate in right of payment to amounts owed under the Trust's existing credit facility, and to the holder of any future senior indebtedness, which may be issued without the vote or consent of Preferred Shareholders. The use of leverage is a speculative technique that involves special risks. The Trust currently anticipates utilizing leverage to seek to enhance total return and income. There can be no assurance that the Advisor's and the Sub-Adviser's expectations will be realized or that a leveraging strategy will be successful in any particular time period. Use of leverage creates an opportunity for increased income and capital appreciation but, at the same time, creates special risks. Leverage is a speculative technique that exposes the Trust to greater risk and increased costs than if it were not implemented. The more leverage that is utilized by the Trust, the more exposed the Trust will be to the risks of leverage. The use of leverage by the Trust causes the net asset value of the common shares to fluctuate significantly in response to changes in interest rates and other economic indicators. As a result, the net asset value, market price and dividend rate of the common shares is likely to be more volatile than those of a fund that is not exposed to leverage. Leverage increases operating costs, which may reduce total return. The Trust pays interest on its borrowings, which may reduce the Trust's return. Increases in interest rates that the Trust must pay on its borrowings will increase the cost of leverage and may reduce the return to common shareholders. The risk of increases in interest rates may be greater in the current market environment because interest rates are near historically low levels. During the time in which the Trust is utilizing leverage, the amount of the investment advisory fee paid by the Trust will be higher than if the Trust did not utilize leverage because the fees paid will be calculated based on the Trust's Managed Assets, including proceeds of leverage. Common shareholders bear the portion of the management fee attributable to assets purchased with the proceeds of leverage, which means that common shareholders effectively bear the entire management fee.

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

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

Short Sales Risk. Short sales involve selling securities of an issuer short in the expectation of covering the short sale with securities purchased in the open market at a price lower than that received in the short sale. If the price of the issuer's securities declines, the Trust may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale. The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the federal securities laws and the various national and regional securities exchanges, which restrictions could limit the Trust's investment activities. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Derivatives Risk. Derivatives are financial contracts in which the value depends on, or is derived from, the value of an underlying asset, reference rate or index. The Trust may, but is not required to, engage in various derivatives transactions for hedging and risk management purposes, to facilitate portfolio management and to seek to enhance total return of earn income. The Trust's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks, such as interest rate risk, market risk, counterparty risk, and credit risk.

Off-Exchange Derivatives Risk. The Trust may invest a portion of its assets in investments which are not traded on organized exchanges and as such are not standardized. Such transactions may include forward contracts, swaps or options. While some markets for such derivatives are highly liquid, transactions in off-exchange derivatives may involve greater risk than investing in exchange-traded derivatives because there is no exchange market on which to close out an open position.

Options Risk. Trading in options involves a number of risks. Specific market movements of the option and the instruments underlying an option cannot be predicted. No assurance can be given that a liquid offset market will exist for any particular option or at any particular time. If no liquid offset market exists, the Trust might not be able to effect an offsetting transaction in a particular option.

Futures Risk. Futures contracts markets are highly volatile and are influenced by a variety of factors, including national and international political and economic developments. In addition, because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the trader.

XFLT Risk Considerations

Swaps Risk. The Trust may utilize swap agreements including, without limitation, interest rate, index and currency swap agreements. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary securities transactions. There are risks relating to the financial soundness and creditworthiness of the counterparty to swap agreements.

Credit Default Swaps Risk. The Trust may enter into credit default swap agreements. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. The Trust may be either the buyer or seller in a credit default swap transaction. Credit default swap transactions involve greater risks than if a Trust had invested in the reference obligation directly. Credit default swaps are subject to the risk of non-performance by the swap counterparty, including risks relating to the financial soundness and creditworthiness of the swap counterparty.

Hedging Transactions Risk. The success of any hedging strategy utilized by the Trust's will be subject to the Sub-Adviser's ability to correctly assess 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. Since the characteristics of many securities change as markets change or time passes, the success of the Trust's hedging strategy will also be subject to the Sub-Adviser's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner.

Counterparty Risk. The Trust will be subject to credit risk with respect to the counterparties to the derivative contracts entered into by the Trust.

Synthetic Investment Risk. The Trust may be exposed to certain additional risks should the Sub-Adviser uses derivatives transactions as a means to synthetically implement the Trust's investment strategies. Customized derivative instruments will likely be highly illiquid, and it is possible that the Trust will not be able to terminate such derivative instruments prior to their expiration date or that the penalties associated with such a termination might impact the Trust's performance in a materially adverse manner.

Segregation and Cover Risk. In connection with certain derivatives transactions, the Trust may be required to segregate liquid assets or otherwise cover such transactions and/or to deposit amounts as premiums or to be held in margin accounts. Such amounts may not otherwise be available to the Trust for investment purposes. The Trust may earn a lower return on its portfolio than it might otherwise earn if it did not have to segregate assets in respect of, or otherwise cover, its derivatives transactions positions.

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

Prepayment Risk. The frequency at which prepayments (including voluntary prepayments by the obligors and accelerations due to defaults) occur on bonds and loans will be affected by a variety of factors including the prevailing level of interest rates and spreads as well as economic, demographic, tax, social, legal and other factors. The adverse effects of prepayments may impact the Trust's portfolio in several ways. During periods of declining interest rates, when the issuer of a security exercises its option to prepay principal earlier than scheduled, the Trust may be required to reinvest the proceeds of such prepayment in lower-yielding securities. Particular investments may experience outright losses, as in the case of an interest-only security in an environment of faster actual or anticipated prepayments. In addition, particular investments may underperform relative to hedges that the Sub-Adviser may have constructed for these investments, resulting in a loss to the Trust's overall portfolio.

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

Duration and Maturity Risk. The Trust has no set policy regarding maturity or duration of credit instruments in which it may invest or of the Trust's portfolio generally. The price of fixed rate securities with longer maturities or duration generally is more significantly impacted by changes in interest rates than those of fixed rate securities with shorter maturities or duration. Therefore, generally speaking, the longer the duration of the Trust's portfolio, the more exposure the Trust will have to interest rate risk described above. The Sub-Adviser may seek to adjust the portfolio's duration or maturity based on its assessment of current and projected market conditions and all factors that the Sub-Adviser deems relevant. The Trust may incur costs in seeking to adjust the portfolio average duration or maturity. There can be no assurance that the Sub-Adviser's assessment of current and projected market conditions will be correct or that any strategy to adjust the portfolio's duration or maturity will be successful at any given time.

Credit Risk. Credit risk is the risk that an issuer of securities will be unable to pay principal and interest when due, or that the value of the security will suffer because investors believe the issuer is less able to pay.

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

XFLT Risk Considerations

Equity Investments Risk. Incidental to the Trust's investments in credit instruments, the Trust may acquire or hold equity securities, or warrants to purchase equity securities, of a Borrower or issuer. Common equity securities prices fluctuate for a number of reasons, including changes in investors' perceptions of the financial condition of an issuer, the general condition of the relevant stock market and broader domestic and international political and economic events.

Limited Term Risk. Unless the Trust completes an Eligible Tender Offer, and converts to perpetual existence, the Trust will terminate on or about the Termination Date. The Trust should not be confused with a so called "target date" or "life cycle" fund whose asset allocation becomes more conservative over time as the fund's target date, often associated with retirement, approaches, and does not typically terminate on the target date. In addition, the Trust should not be confused with a "target term" fund whose investment objective is to return the fund's original net asset value on the termination date. **The Trust's investment objective and policies are not designed to seek to return to investors that purchase Common Shares in this offering their initial investment of $10.00 per Common Share on the Termination Date or in an Eligible Tender Offer, and such investors and investors that purchase Common Shares after the completion of this offering may receive more or less than their original investment upon termination or in an Eligible Tender Offer.**

Because the assets of the Trust will be liquidated in connection with the termination, the Trust will incur transaction costs in connection with dispositions of portfolio securities. The Trust does not limit its investments to securities having a maturity date prior to the Termination Date and may be required to sell portfolio securities when it otherwise would not, including at times when market conditions are not favorable, which may cause the Trust to lose money. In particular, the Trust's portfolio may still have significant remaining average maturity and duration, and large exposures to below investment grade securities, as the Termination Date approaches, losses due to portfolio liquidation may be significant. Beginning one year before the Termination Date (the "wind-down period"), the Trust may begin liquidating all or a portion of the Trust's portfolio, and may deviate from its investment policies, including its policy of investing at least 80% of its Managed Assets in floating rate credit instruments and other structured credit investments and may not achieve its investment objective. During the wind-down period, the Trust's portfolio composition may change as more of its portfolio holdings are called or sold and portfolio holdings are disposed of in anticipation of liquidation. Rather than reinvesting the proceeds of matured, called or sold securities, the Trust may invest such proceeds in short-term or other lower yielding securities or hold the proceeds in cash, which may adversely affect its performance. The Trust may distribute the proceeds in one or more liquidating distributions prior to the final liquidation, which may cause fixed expenses to increase when expressed as a percentage of assets under management Upon a termination, it is anticipated that the Trust will have distributed substantially all of its net assets to shareholders, although securities for which no market exists or securities trading at depressed prices, if any, may be placed in a liquidating trust. Common Shareholders will bear the costs associated with establishing and maintaining a liquidating trust, if necessary. Securities placed in a liquidating trust may be held for an indefinite period of time until they can be sold or pay out all of their cash flows. The Trust cannot predict the amount, if any, of securities that will be required to be placed in a liquidating trust.

If the Trust conducts an Eligible Tender Offer, the Trust anticipates that funds to pay the aggregate purchase price of Common Shares accepted for purchase pursuant to the tender offer will be first derived from any cash on hand and then from the proceeds from the sale of portfolio investments held by the Trust. In addition, the Trust may be required to dispose of portfolio investments in connection with any reduction in the Trust's outstanding leverage necessary in order to maintain the Trust's desired leverage ratios following a tender offer. The disposition of portfolio investments by the Trust could cause market prices of such instruments, and hence the net asset value of the Common Shares, to decline. In addition, disposition of portfolio investments will cause the Trust to incur increased brokerage and related transaction expenses. The Trust may receive proceeds from the disposition of portfolio investments that are less than the valuations of such investments by the Trust. It is likely that during the pendency of a tender offer, and possibly for a time thereafter, the Trust will hold a greater than normal percentage of its total assets in cash and cash equivalents, which may impede the Trust's ability to achieve its investment objective and decrease returns to shareholders. If the Trust's tax basis for the investments sold is less than the sale proceeds, the Trust will recognize capital gains, which the Trust will be required to distribute to shareholders. In addition, the Trust's purchase of tendered Common Shares pursuant to a tender offer will have tax consequences for tendering shareholders and may have tax consequences for non-tendering shareholders. The purchase of Common Shares by the Trust pursuant to a tender offer will have the effect of increasing the proportionate interest in the Trust of non-tendering shareholders. All shareholders remaining after a tender offer will be subject to proportionately higher expenses due to the reduction in the Trust's total assets resulting from payment for the tendered Common Shares. Such reduction in the Trust's total assets may also result in less investment flexibility, reduced diversification and greater volatility for the Trust, and may have an adverse effect on the Trust's investment performance. The Trust is not required to conduct an Eligible Tender Offer. If the Trust conducts an Eligible Tender Offer, there can be no assurance that tendered Common Shares will not exceed the Termination Threshold, in which case the Eligible Tender Offer will be terminated, no Common Shares will be repurchased pursuant to the Eligible Tender Offer and the Trust will terminate on or before the Termination Date (subject to possible extensions). Following the completion of an Eligible Tender Offer in which the tendered Common Shares do not exceed the Termination Threshold, the Board of Trustees may eliminate the Termination Date upon the affirmative vote of a majority of the Board of Trustees and without a shareholder vote. Thereafter, the Trust will have a perpetual existence. The Trust is not required to conduct additional tender offers following an Eligible Tender Offer and conversion to perpetual existence. Therefore, remaining shareholders may not have another opportunity to participate in a tender offer. Shares of closed-end management investment companies frequently trade at a discount from their net asset value, and as a result remaining shareholders may only be able to sell their Common Shares at a discount to net asset value.

LIBOR. CLO debt and bank syndicated loans historically used LIBOR as an interest rate benchmark, which is currently being phased out, with new instruments being issued with an alternative rate and all existing instruments tied to LIBOR required to transition by June 30, 2023. Replacement of LIBOR could adversely affect the market value or liquidity of CLO securities and/or loans, and pose tangential risk for markets and assets that do not rely directly on LIBOR. On July 29, 2021, the Alternative Reference Rates Committee formally recommended CME Group's forward-looking Term SOFR rate as the replacement rate for U.S. dollar LIBOR, however, there is uncertainty with respect to replacement of LIBOR with proposed alternative reference rates, and it is possible that different markets might adopt different rates, resulting in multiple rates at the same time and a potential mismatch between CLO securities and underlying collateral, the effects of which are uncertain at this time, and could include increased volatility or illiquidity. In addition, operational and technology challenges during the transition from LIBOR as well as inconsistent communication from issuers could result in delayed investment analyses and reduced investment opportunities.

Additional Risks. For additional risks relating to investments in the Trust, please see "Risks" in the Trust's prospectus, which is publicly available on the EDGAR Database on the SEC website at http://www.sec.gov.