XAInvestments

Octagon Credit Investors

XFLT LISTED NYSE

XAI Octagon Floating Rate & Alternative Income Trust (the "Trust" or "XFLT")

Q1 2024 Quarterly Webinar
May 30, 2024

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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 39 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

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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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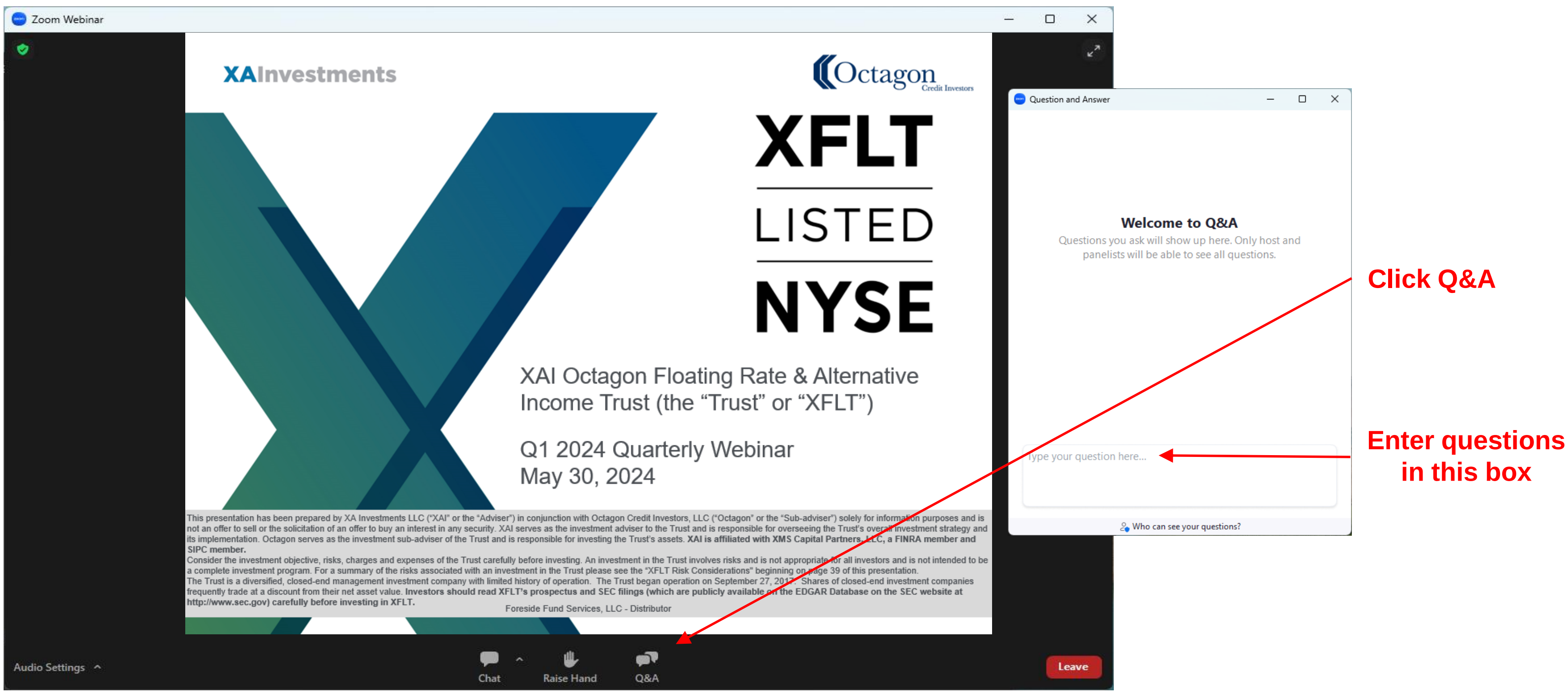
These materials contain forward-looking statements. Investors should not place undue reliance on forward-looking statements. Actual results could differ materially from those referenced in forward-looking statements for many reasons. Forward-looking statements are necessarily speculative in nature, and 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 Q&A box.



Today's Speakers

Lauren Law
Senior Portfolio Manager
Octagon Credit Investors, LLC

Lauren Law is a member of Octagon's Investment Committee and serves as a Senior Portfolio Manager across CLOs, Separately Managed Accounts and Commingled Funds. Ms. Law joined Octagon in 2004. In addition, she helps oversee the Firm's Structured Credit (CLO debt and equity) investment strategies.

Prior to becoming a Portfolio Manager, Ms. Law was an Investment Team Principal whose coverage areas included healthcare, industrials, financials, business services, and the Firm's CLO debt and equity investments.

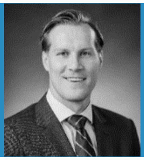
She holds a Bachelor of Science from Babson College, where she graduated Magna Cum Laude. She received her CFA charter in 2009.

Kimberly Flynn
President
XA Investments LLC

Kimberly Flynn serves as Managing Director at XA Investments. She is a partner in the firm and responsible for all product and business development activities. Kim is responsible for the firm's proprietary fund platform and consulting practice.

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



Steven Perry
Vice President
XA Investments LLC

Steven Perry is a Vice President at XA Investments focused on product and business development. Steven is responsible for overseeing XFLT's product management decisions.

Previously, Steven worked consulting lenders across the country in the government guarantee lending space at Windsor Advantage. Under his management, he oversaw a portfolio of more than 1,100 loans totaling over $1.3bn. Also, Steven was responsible for building the Portfolio Management and Construction Management Departments at Windsor Advantage. Prior to working at Windsor Advantage, he played five years of professional soccer.

Steven received his B.B.A. in Finance from the University of Notre Dame.

Octagon Credit Overview

CREDIT EXPERTS

- Exclusive focus is below investment grade credit since 1994. $34.4 bn in AUM as of 3/31/24

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

Summary of Recent XFLT Developments

- On January 1, 2024, Gretchen Lam was promoted to CEO of Octagon; Lauren Law, Senior Portfolio Manager, assumed the position of lead portfolio manager for the Trust
- On January 24, 2024, XA Investments reported that the shareholders of the Trust approved both an Amendment to the Declaration of Trust, making the Trust perpetual, and a new Sub-Advisory Agreement
- On February 1, 2024, and the Trust was renamed to the XAI Octagon Floating Rate & Alternative Income Trust
- On February 1, 2024, the Trust entered into a Purchase Agreement with institutional investors to sell 3,546,854 Common Shares at a 2.15% premium to closing NAV per share in a direct placement, raising approximately $25 million
- XFLT reached $600mm in total managed assets on February 27, 2024, and now has $678mm in total managed assets as of May 24, 2024
- On March 6, 2024, $5mm of the Trust's 6.00% Series 2029 Convertible Preferred Shares were converted to common shares at a price above NAV, resulting in the issuance of an additional 1,446,179 common shares
- On April 3, 2024, Generali's acquisition of Octagon's parent company, Conning, was completed
- As of April 4, 2024, all 6.95% Series 2029 Convertible Preferred Shares were issued with $30mm par value outstanding. As of May 24, 2024 none of the shares have converted to common shares.
- As of April 26, 2024, all 6.00% Series 2029 Convertible Preferred Shares were converted to common shares. There are no longer any 6.00% Series 2029 Convertible Preferred Shares outstanding

Questions & Topics for the Speakers

1. Please discuss the XFLT financial highlights for the quarter.
2. Please discuss any Board governance changes over the past 12 months.
3. How does XFLT grow its common share base? Do shareholders benefit from such growth?
4. Discuss XFLT's current distribution rate. What percentage of the distribution was comprised of return of capital?
5. What types of leverage does XFLT employ and how would potential rate cuts impact XFLT's cost of leverage?
6. Please discuss the performance of the leveraged loan and CLO markets.
7. In terms of spread tightening as a driver of return in both the CLO tranche and leveraged loan markets, can you expand on what you are seeing here?
8. Given some previously mention headwinds, how does the Trust mitigate the impact on net interest income.
9. Recession fears seem less prevalent in the face of continued economic growth and strong employment. Has there been a broader "risk on" mood in the high yield and leveraged loan markets?
10. Please discuss the performance of the leveraged loan and CLO markets over the last 6 months. How did the financial performance of borrowers trend in the 1Q24?
11. Which loan market industries are outperforming? Underperforming? What are Octagon's expectations for loan defaults going forward?
12. What is the Trust's outlook for primary CLO issuance and CLO arbitrage in Q2 2024? Where in CLO capital structure is Octagon seeing the most opportunity?

XFLT Financial Highlights

- XFLT has a fiscal year end of September 30th. Please see XFLT's Annual Report, Semi-annual Report and quarterly financials at www.XAInvestments.com for more details.
  - For the six months ended March 31, 2024, net investment income ("NII") was $0.52, and net realized and unrealized gain on investments was $0.26 per weighted average common share. The total income from investment operations was $0.78.
  - For the six months ended March 31, 2023, the ratio of NII to average net assets was 15.40%.
- For the first quarter, XFLT issued 2,698,730 shares of common stock pursuant to the Company's "at-the-market" offering program for total net proceeds of approximately $19.16mm.
- Monthly distributions for the quarter were declared on January 2, February 1, and March 1 in the amounts of $0.085, $0.085, and $0.085, respectively.
- $678mm in total managed assets as of May 24, 2024, up 33% from $511mm on September 19, 2023 (the first day XFLT surpassed $500mm in total managed assets).
- Weighted Average Current Yields (price) as of 3/31/2024[1]:

CLO Equity: 22.95% **CLO Debt:** 12.43% **Loans:** 9.76% **Bonds:** 6.67%

Notes:

1. Based on prices sourced by Markit, a third-party pricing service, and are subject to change. Octagon makes no assurances that the prices reflected herein represent the prices at which the Trust's investments will be liquidated. Any fluctuations in market prices may impact Trust returns. Past performance is not necessarily indicative of future results. Current Yield for CLO equity positions is calculated by Octagon as the sum of all cash distributions paid by the CLO within the past 12 months as of the respective date shown (i.e. LTM), divided by the total purchase price or mark price value of the Trust's CLO equity positions as of the respective date. Based on this calculation methodology, the Current Yield of these positions, as included in the calculation of Total Portfolio Current Yield, is zero. Total LTM quarterly cash distributions received by the Fund excludes: i) any CLO Equity positions that have been called; and, ii) any CLO Equity position(s) that did not receive a cash distribution at the CLO's most recent quarterly payment date, however, the purchase cost amount and market value of any such CLO Equity position(s) is reflected in the total purchase cost amount and market value of the Fund's CLO Equity positions used to calculate the Current Yield. As of March 31, 2024, no Fund holdings qualify for this treatment. Total LTM quarterly cash distributions also excludes outsized par flush distributions executed upon a deal's reset or refinancing. These distributions and the Current Yield are subject to change on a prospective basis. Yield is not a projection or guarantee of future returns, due to expected changes in asset prices and changing market factors.

Performance achieved prior to December 31, 2021 is predominantly based on investments that use USD LIBOR as a reference rate. Overnight and 12-month US dollar LIBOR permanently ceased as of June 30, 2023. 1-, 3-, and 6-month U.S. dollar LIBOR settings will continue to be published using a synthetic methodology until September 2024. As an alternative to LIBOR, the Financial Reporting Council, in conjunction with the Alternative Reference Rates Committee, recommended replacing LIBOR with SOFR. There is no guarantee that the performance of individual investments or the syndicated debt and CLO securities markets as a whole during or after the transition period will be consistent with performance achieved during the LIBOR era.

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XFLT Overview and Top 10 Holdings

As of March 31, 2024

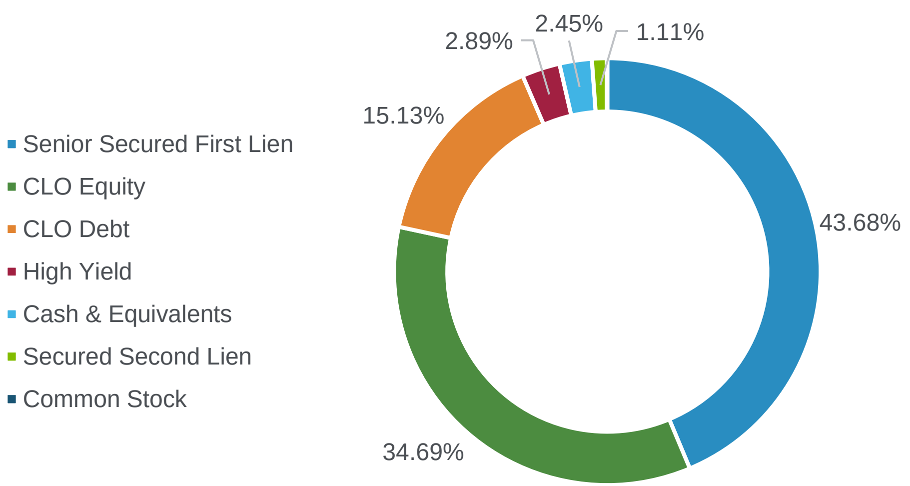
Summary Trust Characteristics

Total Managed Assets	$620,262,506	Current Distribution (monthly)	$0.085
Common Shares Outstanding	54,962,501	Distribution Rate on NAV	14.70%
Average Daily Volume (in shares)[1]	340,264	Distribution Rate on Market Price	14.39%
Total Regulatory Leverage %	38.52%	Number of Holdings (count)[2]	537
Average Cost of Leverage %[1]	6.79%	Avg. Asset Price (% of par)[2]	87.58%
NAV	$6.94	Avg. Effective Maturity (years)[2]	8.10
Market Price	$7.09	Fund Inception Date	9/26/2017

Top 10 Holdings[2]

Top 10 Holdings	Asset Type	% Portfolio
OHA Credit Partners XII Ltd.	CLO Equity	1.29%
Elmwood CLO 14 Ltd.	CLO Equity	1.22%
CARLYLE US CLO 2019-4 Ltd.	CLO Equity	1.05%
Generate CLO 12 Ltd.	CLO Equity	1.00%
Rockland Park CLO Ltd.	CLO Equity	0.99%
Clover CLO 2019-1 Ltd.	CLO Equity	0.95%
Sixth Street CLO XXIV Ltd.	CLO Equity	0.91%
RR 2 Ltd.	CLO Equity	0.88%
Regatta XIX Funding Ltd.	CLO Equity	0.85%
Elmwood CLO VII Ltd.	CLO Equity	0.84%
	Total	**9.96%**

Asset Allocation %[2]



Unaudited. Source: XA Investments LLC; Paralel.

1. Quarter-to-date figures ending on 3/31/2024.
2. Holdings are measured as a percentage of market value over the Trust's total portfolio investments as of 3/31/2024. 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 2023 comprised 100% net investment income and 0.00% return of capital. The Trust's distributions for fiscal year ending 2024 will be made available and reported to investors after the end of fiscal year 2024. 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.

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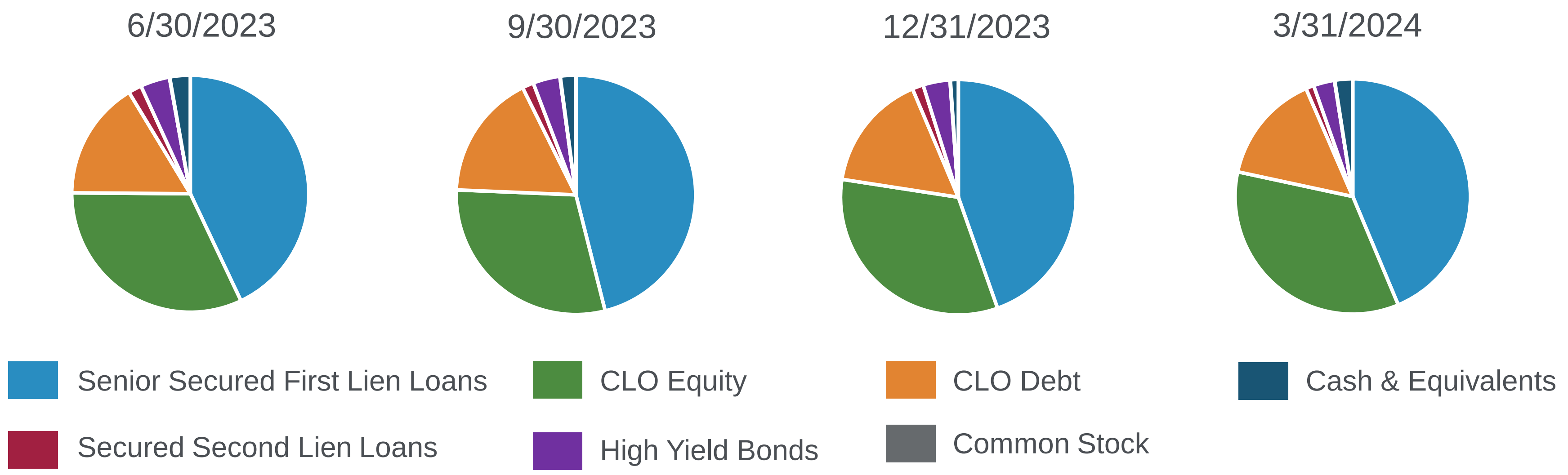
XFLT Portfolio Composition Over Time

Asset Allocation	6/30/2023	9/30/2023	12/31/2023	3/31/2024
Senior Secured First Lien Loans	43.00%	46.07%	44.60%	43.68%
CLO Equity	32.20%	29.59%	32.84%	34.69%
CLO Debt	16.20%	17.00%	16.20%	15.13%
Secured Second Lien Loans	1.80%	1.54%	1.53%	1.11%
High Yield Bonds	4.00%	3.65%	3.70%	2.89%
Common Stock	0.10%	0.06%	0.06%	0.05%
Cash & Equivalents	2.80%	2.09%	1.08%	2.45%



Source: Octagon Credit Investors, LLC; Paralel; data as of 3/31/2024.

Performance achieved prior to December 31, 2021, is predominantly based on investments that use USD LIBOR as a reference rate. Overnight and 12-month US dollar LIBOR permanently ceased as of June 30, 2023. 1-, 3-, and 6-month U.S. dollar LIBOR settings will continue to be published using a synthetic methodology until September 2024. As an alternative to LIBOR, the Financial Reporting Council, in conjunction with the Alternative Reference Rates Committee, recommended replacing LIBOR with SOFR. There is no guarantee that the performance of individual investments or the syndicated debt and CLO securities markets as a whole during or after the transition period will be consistent with performance achieved during the LIBOR era.

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XFLT Net Returns

Performance Period Ended Q1 2024

XFLT Net Return Performance assumes dividends are reinvested. NAV returns reflect NAV decreases due to unrealized losses associated with model-driven valuation changes for CLO equity.

	3/31/2024	3/31/2024 QTD TR	3/31/2024 1 Year Annualized Total Return[1]	3/31/2024 3 Year Annualized Total Return[1]	3/31/2024 5 Year Annualized Total Return[1]	3/31/2024 ITD Annualized Total Return[1]
NAV	$6.94	4.58%	27.55%	8.77%	7.84%	6.32%
Price	$7.09	2.95%	28.07%	4.58%	8.58%	6.31%
Morningstar LSTA Leveraged Loan 100 Index		1.99%	12.16%	5.53%	5.14%	4.79%

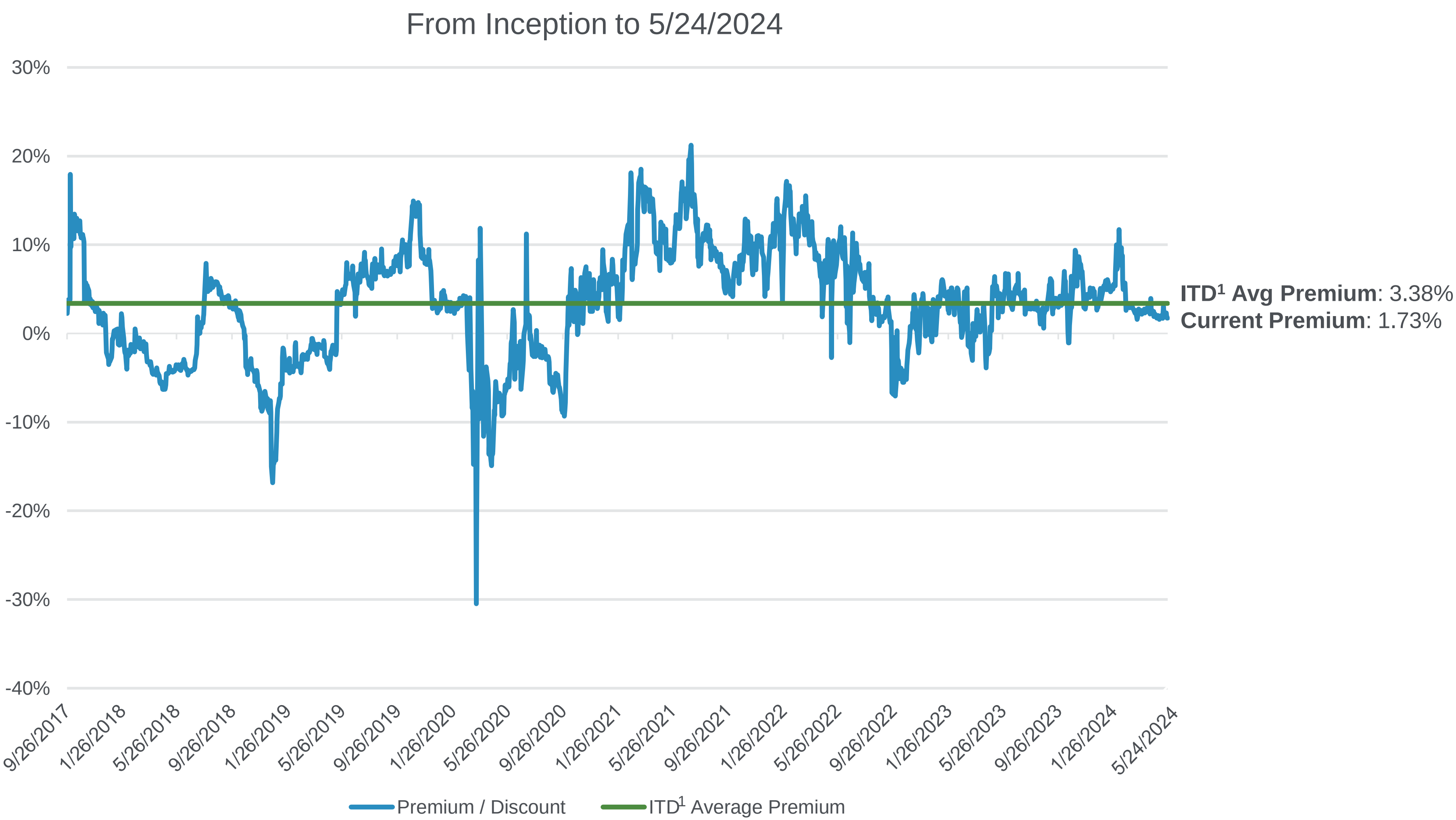
Source: Unaudited financials. XA Investments LLC; Paralel.

Notes: Period returns shown net of fees and expenses.

1. Annualized total return as of 3/31/2024, includes reinvestment of dividends. The Morningstar LSTA Leveraged Loan 100 Index is the Trust's benchmark. Indices do not charges 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 Morningstar 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.

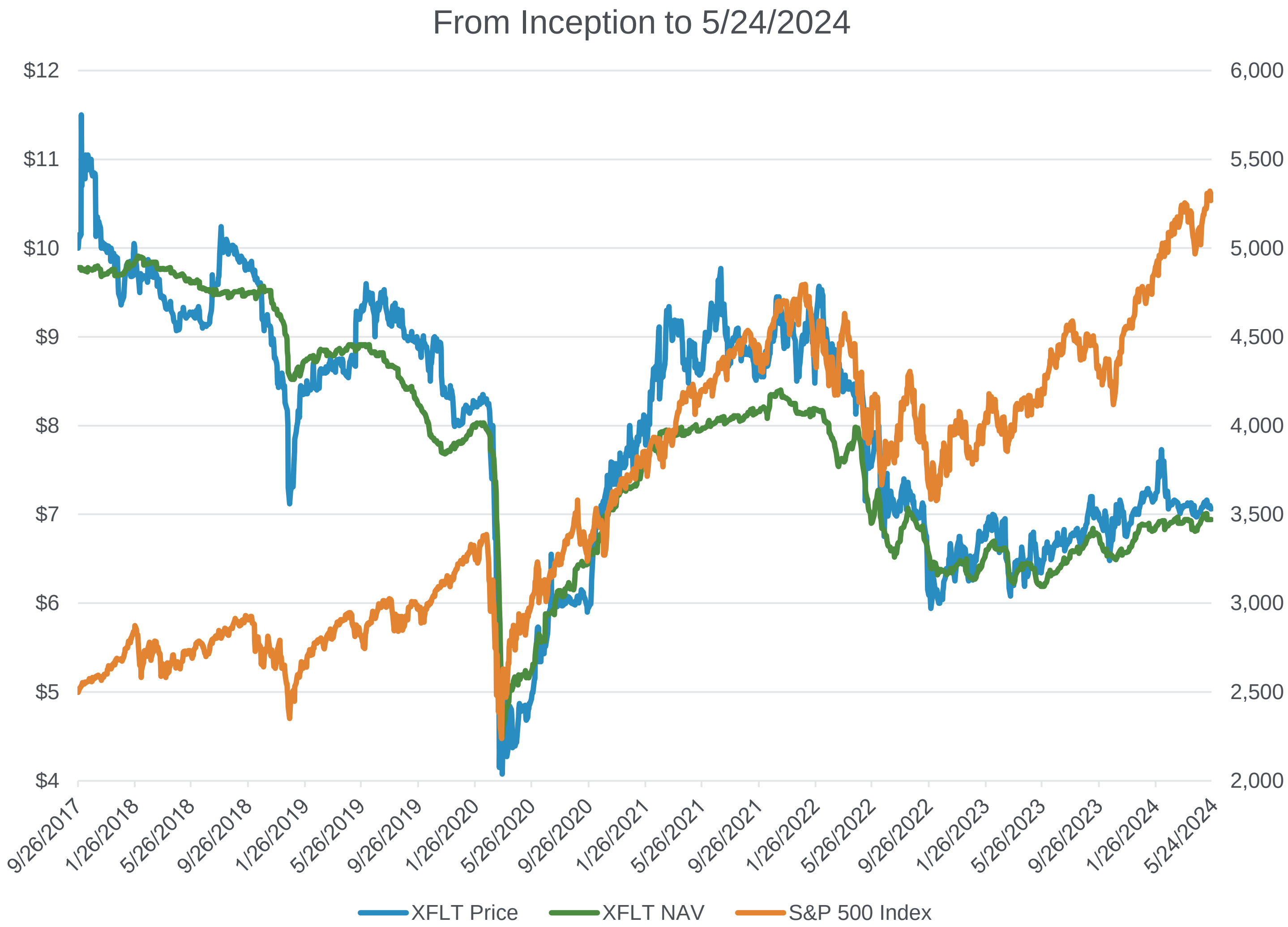
Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted.

XFLT Premium/Discount History



Source: Bloomberg
Shares of closed-end investment companies frequently trade at a discount from their net asset value.
1. ITD represents "inception-to-date."
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 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	5,321
Low S&P	2,237
Last 12 Months	
High Price	$7.73
Low Price	$6.34
High NAV	$7.01
Low NAV	$6.19
High S&P	5,321
Low S&P	4,117
Current	
Price	$7.06
NAV	$6.94
Premium	1.73%
S&P	5,305

Source: Bloomberg
Shares of closed-end investment companies frequently trade at a discount from their net asset value.
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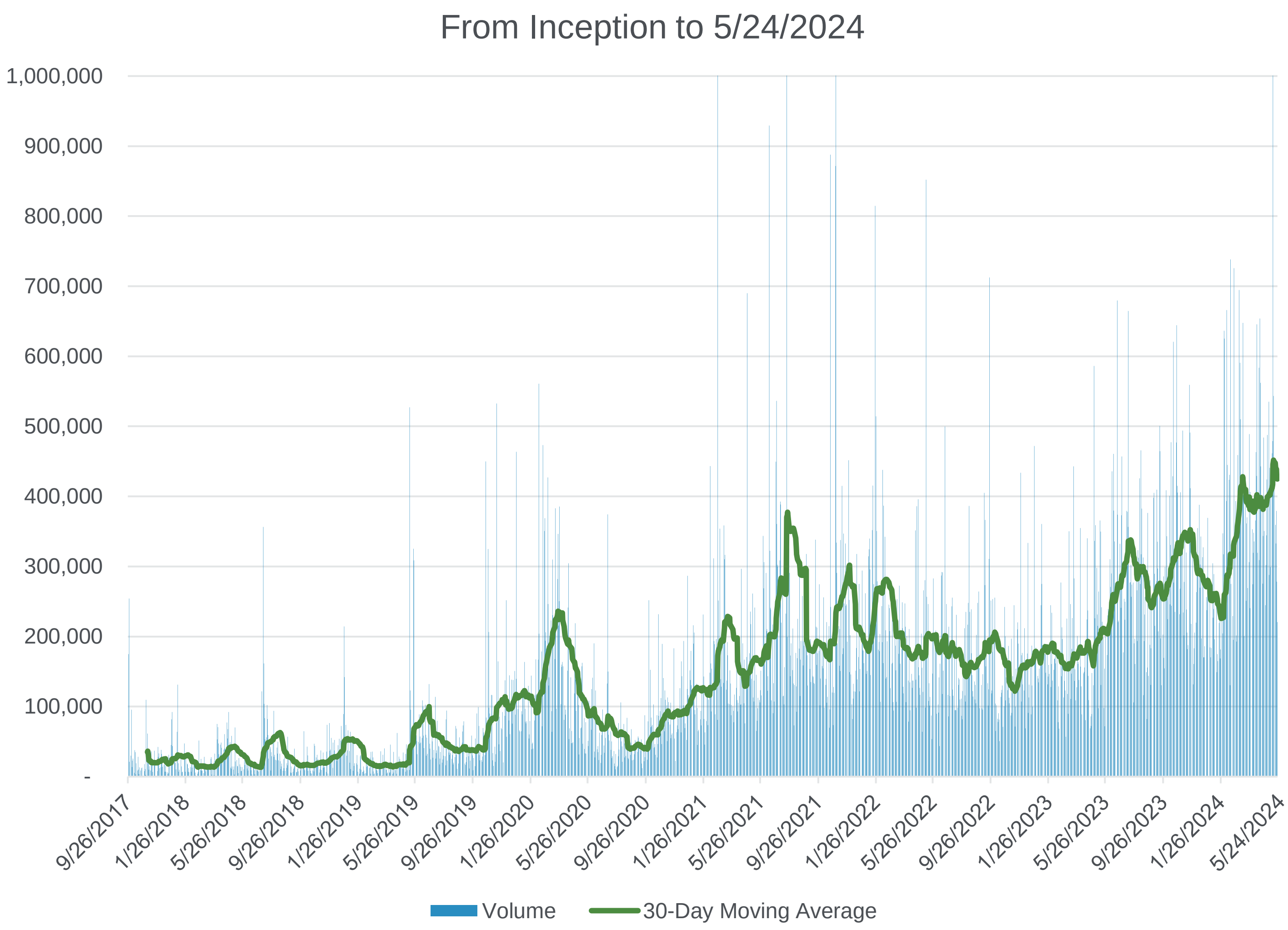
XFLT Trading Volume Analysis



Average Daily Trading Volume	
Last 30 Days[1]	424,682
Last 60 Days[1]	413,873
Last 90 Days[1]	388,296
Last 12 Months	323,901
Since Inception	148,061

Source: Bloomberg
Note: 1. Represents trading days ending 5/24/2024.
Chart maximum is set at 1,000,000 shares. Multiple trading days had volume over 1,000,000 shares.
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.

Governance, Management and Board Actions

XFLT is overseen by a team of experienced professionals with expertise in closed-end funds and alternative investments

Recent Corporate Actions

- **Board Re-elections** — **May 2024**
  - Theodore Brombach and Danielle Cupps reelected as trustees by shareholders
- **Octagon Credit Investors Ownership** — **April 2024**
  - Conning Holdings Limited, the parent of Octagon Credit Investors, announced that is acquisition by Generali Investments Holding S.p.A. has closed
  - Generali, which was established in 1831, is one of the largest global insurance and asset management providers
- **Special Shareholder Meeting** — **Jan. 2024**
  - Shareholders approved both the new Sub-Advisory Agreement with Octagon and the Amendment of Declaration of Trust to Remove the Termination Date
- **Special Shareholder Meeting Proxy** — **Nov. 2023**
  - Notice of special meeting on December 19, 2023. Proposals for shareholder approval included:
    - New Sub-Advisory Agreement with Octagon.
    - Amendment of Declaration of Trust to Remove Termination Date.
- **Distribution Increase** — **April 2023**
  - XFLT increased its May 1, 2023, declared distribution by 16.44% to $0.085 per share from $0.073 per share

Recent Board of Trustee and Shareholder Meetings

10 Board Meetings in the last 12 Months

Date	Type
May 21, 2024	Board Meeting
May 7, 2024	Special Board Meeting
February 20, 2024	Board Meeting
February 1, 2024	Special Board Meeting
January 24, 2024	Special Shareholder Meeting
November 6, 2023	Board Meeting
October 24, 2023	Special Board Meeting
August 15, 2023	Board Meeting and Annual 15(c) Approvals
June 8, 2023	Annual Shareholder Meeting
May 23, 2023	Special Board Meeting

Recent Transactions Overview

- **At-the-Market Program**
  - The at-the-market program issued 2.7mm common shares in Q1 2024 for total net proceeds of $19.1mm. During the same period, XFLT traded at an average premium of 4.86%.
- **6.00% Series 2029 Convertible Preferred Shares Conversions**
  - All 6.00% Series 2029 Convertible Preferred Shares have been converted to common shares as of April 26, 2024.
- **6.95% Series 2029 Convertible Preferred Shares Conversions**
  - On November 6, 2023, XFLT entered into a purchase agreement in connection with the issuance and sale of up to 1,200,000 shares. All 1,200,00 shares have been issued.
- **Registered Direct**
  - The Trust agreed to sell 3,546,854 Common Shares at a price of $7.0485 per Common Share

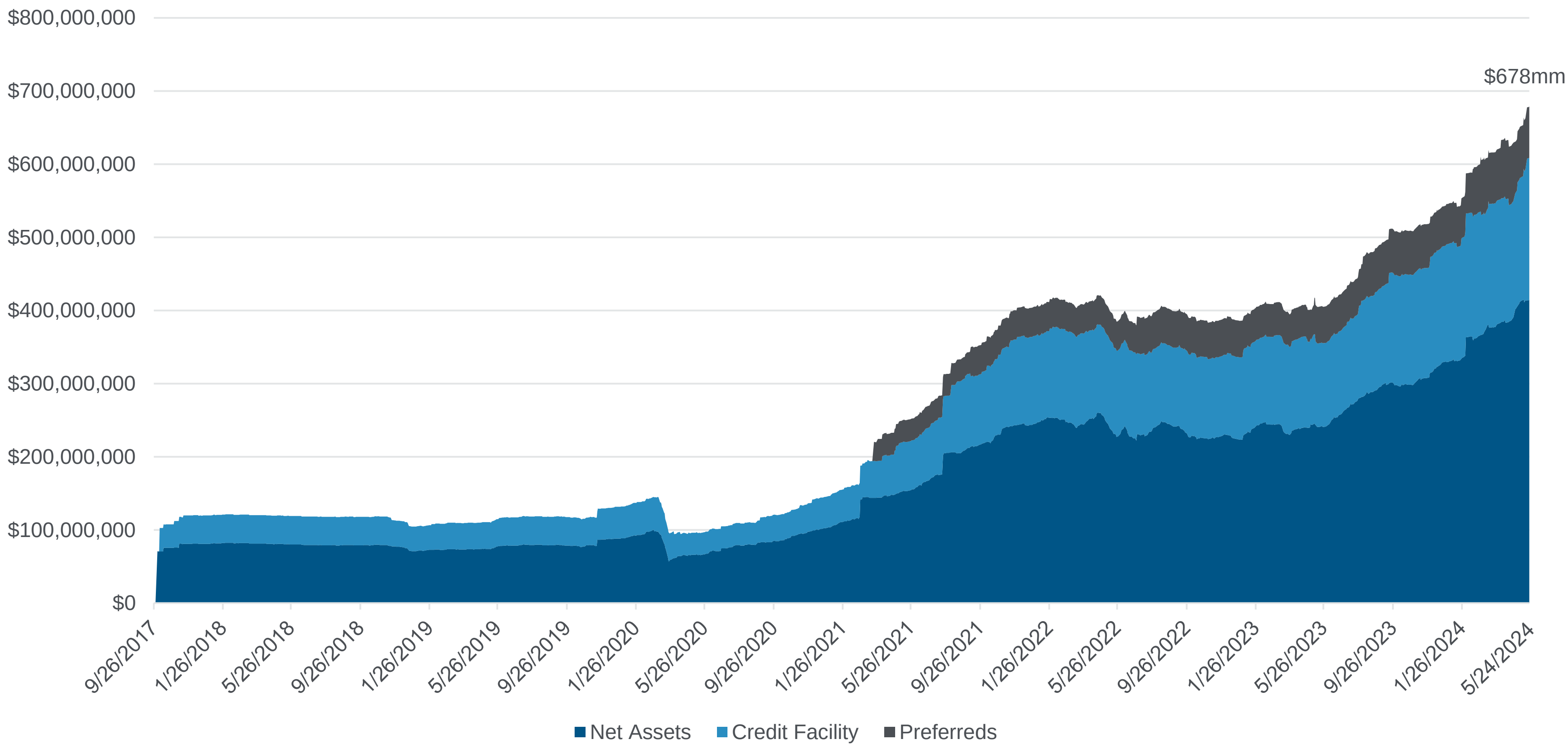
Independent Trustees

- **Gregory G. Dingens, Chair of the Board**
  - Trustee since 2017 and currently is the Head of Investment Banking at Monroe Financial Partners
  - B.A., University of Notre Dame; J.D. Harvard Law School
- **Scott C. Jones, CFA**
  - Trustee since 2017 and currently is a Director at Carne Global and a Managing Director at Park Agency, Inc.
  - B.A. Trinity College-Hartford; J.D., Northwestern University School of Law.
- **Philip G. Franklin**
  - Trustee since 2017 and was formerly Chief Financial Officer and Executive Vice President at Littelfuse Inc. Chairman of Tribune Publishing Company from 2014 to 2021
  - B.A. Dartmouth College; M.B.A. Tuck School of Business
- **Danielle Cupps**
  - Trustee since 2017 and was formerly a Director of Digital Customer Engagement at McDonald’s Corporation and Managing Director at Kinzie Capital Partners
  - B.A. Harvard College; M.B.A. Kellogg Graduate School of Management
- **Bill Meyers**
  - Newly appointed Trustee with 28 years of experience in various management and leadership roles at Nuveen
  - B.S. Marquette University; M.B.A University of Chicago

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, preferred conversions, and preferred debt issuances

From Inception to 5/24/2024



Source: XA Investments LLC; Paralel.

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XFLT Distribution History

- XFLT increased its May 1, 2023, declared distribution by 16.44% to $0.085 per share
- As of March 31, 2024, the annualized distribution rate was 14.39% based on market price of $7.09 and 14.70% based on NAV of $6.94
- From May 1, 2023, through April 1, 2024, XFLT has declared regular monthly distributions at a steady rate of $0.085 per share (12 level distributions)

PAYABLE DATE	RECORD DATE	EX-DATE	DECLARATION DATE	AMOUNT
5/1/2024	4/15/2024	4/12/2024	4/1/2024	$0.085
4/1/2024	3/15/2024	3/14/2024	3/1/2024	$0.085
3/1/2024	2/15/2024	2/14/2024	2/1/2024	$0.085
2/1/2024	1/16/2024	1/12/2024	1/2/2024	$0.085
2023				**$0.972**
2022				**$0.876**
2021				**$0.876**
2020				**$0.798**
2019				**$0.860**
2018				**$0.828**
2017				**$0.138**
Total				**$5.688**

Source: XA Investments

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 Leverage Sources (as of March 31, 2024)

Type of Leverage	Leverage %[1]	Leverage $	Regulatory Limit	Cost of Leverage in Q1 2024	Cost of Leverage in Q4 2023
Bank Borrowings	27.25%	$169,050,000		6.79%[3]	6.89%[3]
Retail Preferreds	6.43%	$39,900,000		6.50%	6.50%
Convertible Preferreds (6.95%)	3.22%	$20,000,000		6.95%	-
Convertible Preferreds (6.00%)	1.61%	$10,000,000		6.00%	6.00%
Total	**38.52%**	**$238,950,000**	**50%[2]**	**6.79%[4]**	**6.77%[4]**

Preferred Stock Overview			
	2026 Retail Preferreds	2029 Convertible Preferreds	2029 Convertible Preferreds
NYSE Ticker	XFLT-PRA	N/A	N/A
Description	6.50% Series 2026 Term Preferred Shares	6.00% Series 2029 Convertible Preferred Shares	6.95% Series 2029 Convertible Preferred Shares
Principal	$39.9mm	$10.0mm	$20.0mm
Current Price Per Share	$24.38	$25.00	$25.00
Coupon	6.50%	6.00%	6.95%
Current Yield	6.67%	6.00%	6.95%
Payment Frequency	Quarterly	Quarterly	Quarterly

Preferred Share Institutional Ownership[5]		
Eagle Point Credit Management[5]	1,548,303	64.62%
RiverNorth Capital Management	255,824	10.68%
Karpus Investment Management	255,122	10.65%
Putnam Investments	80,000	3.34%
Total Institutional Ownership	2,139,249	89.28%
Total Shares Outstanding	**2,396,000**	**100%**

Notes:
1. As a percent of total managed assets as of 3/31/2024.
2. With a combination of Bank Borrowings and Preferreds the Trust may utilize leverage up to a total leverage limit of 50%.
3. Based on Q4 2023 and Q1 2024 average cost of bank borrowings.
4. Represents a weighted average cost of leverage.
5. Includes 6.50% 2026 Retail Preferred, 6.00% 2029 Convertible Preferred, and 6.95% 2029 Convertible Preferred Shares as of 3/31/2024. Eagle Point's ownership of retail preferred shares has not changed QoQ.

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XFLT Comparison with CLO Focused CEFs

	XFLT	CLO Focused CEFs[1]
Leverage Cost	Combination of Credit Facility and Preferreds (6.79% as of 3/31/2024)	Higher, Mainly Preferred Leverage (5-8.75%)
NAV	Daily	Monthly Estimates; Quarterly Audited
Valuation	Independent Third-party Valuations	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 (3/31/2024)	14.38%	16.38% (Average of 4 Funds)[3]
Average Premium LTM (as of 3/31/2024)	3.94%	6.14% (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.
3. Source: CEF Connect. Figures represent the latest observable distribution rates. Data as of 5/21/2024.

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 Trust. 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 2023 comprised 100% net income and 0.00% return of capital. The Trust's distributions for fiscal year ending 2024 will be made available and reported to investors subsequent to the end of fiscal year 2024. 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. Overnight and 12-month US dollar LIBOR permanently ceased as of June 30, 2023. 1-, 3-, and 6-month U.S. dollar LIBOR settings will continue to be published using a synthetic methodology until September 2024. As an alternative to LIBOR, the Financial Reporting Council, in conjunction with the Alternative Reference Rates Committee, recommended replacing LIBOR with SOFR. There is no guarantee that the performance of individual investments or the syndicated debt and CLO securities markets as a whole during or after the transition period will be consistent with performance achieved during the LIBOR era.
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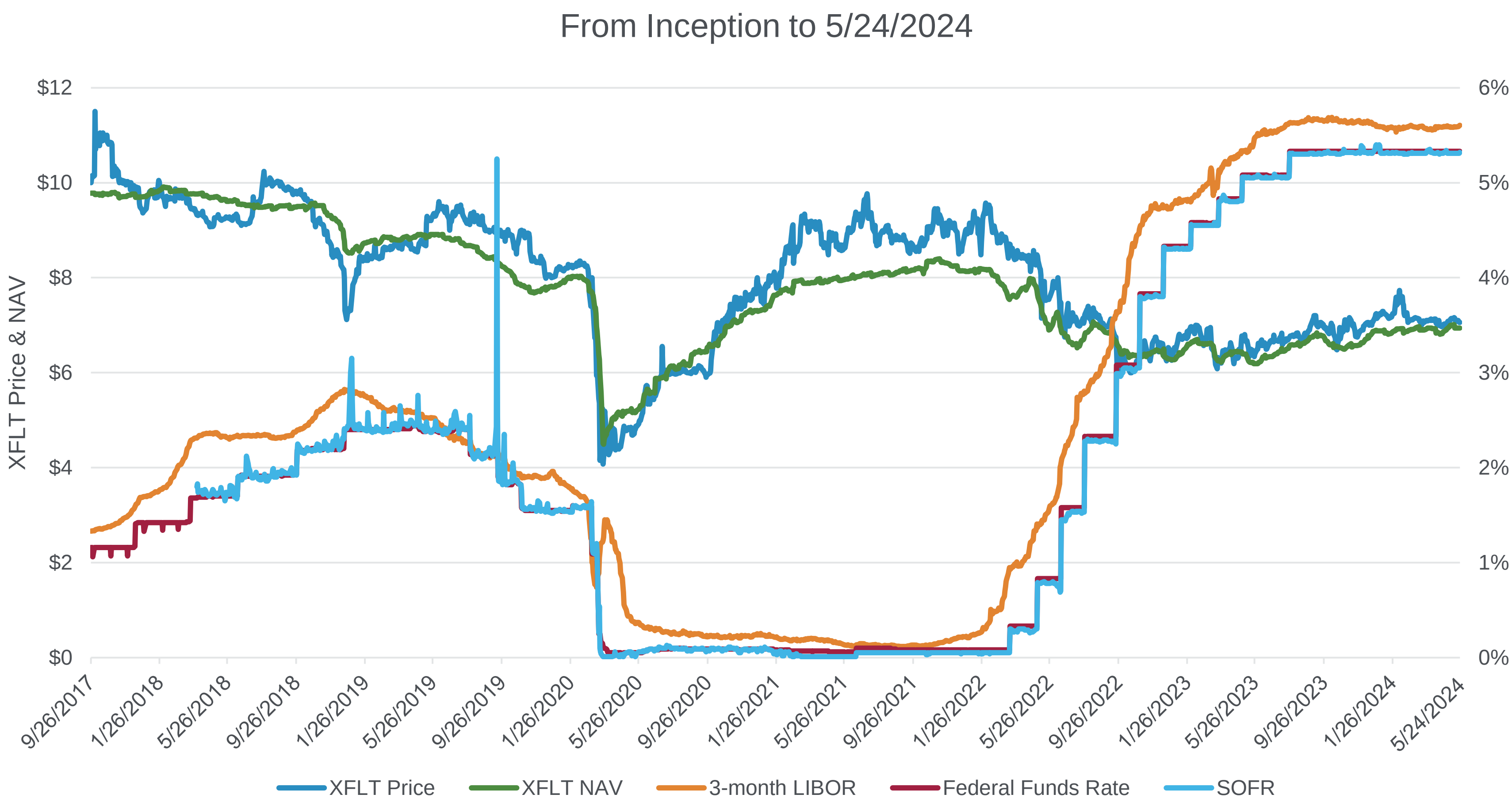
XFLT vs Benchmark Rates

Fed has raised benchmark rate by 5.25 percentage points since the start of 2022



Source: Bloomberg

Notes: 3-month LIBOR represented by ICE LIBOR USD 3 Month; Federal Funds Rate represented by US Federal Funds Effective Rate (continuous series).

Performance achieved prior to December 31, 2021, is predominantly based on investments that use USD LIBOR as a reference rate. Overnight and 12-month US dollar LIBOR permanently ceased as of June 30, 2023. 1-, 3-, and 6-month U.S. dollar LIBOR settings will continue to be published using a synthetic methodology until September 2024. As an alternative to LIBOR, the Financial Reporting Council, in conjunction with the Alternative Reference Rates Committee, recommended replacing LIBOR with SOFR. There is no guarantee that the performance of individual investments or the syndicated debt and CLO securities markets during or after the transition period will be consistent with performance achieved during the LIBOR era.

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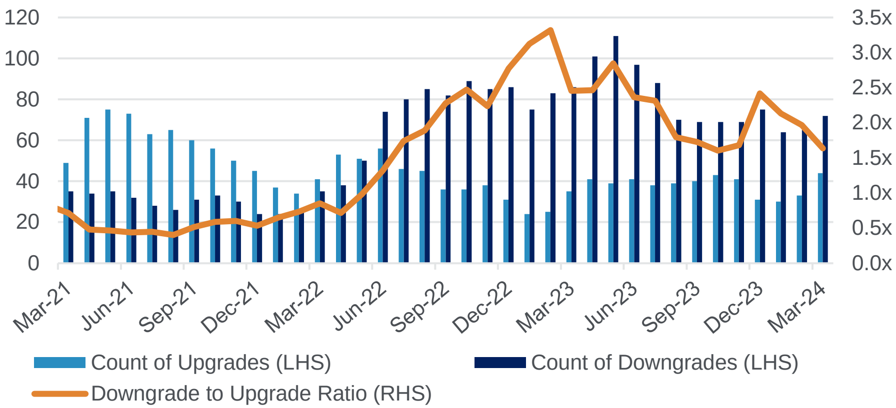
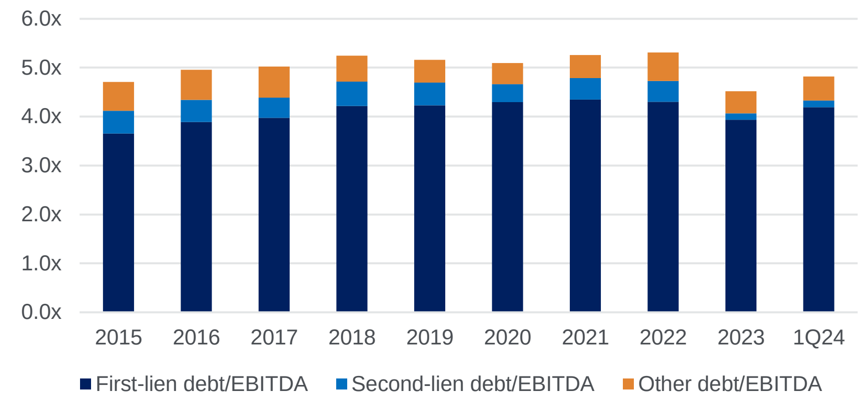
Credit Fundamentals

- While ratings downgrades have eased, loan downgrades have been outpacing upgrades since May 2022
- Interest coverage and leverage ratios for publicly reporting companies remain healthy by historical standards, though highly variable among issuers

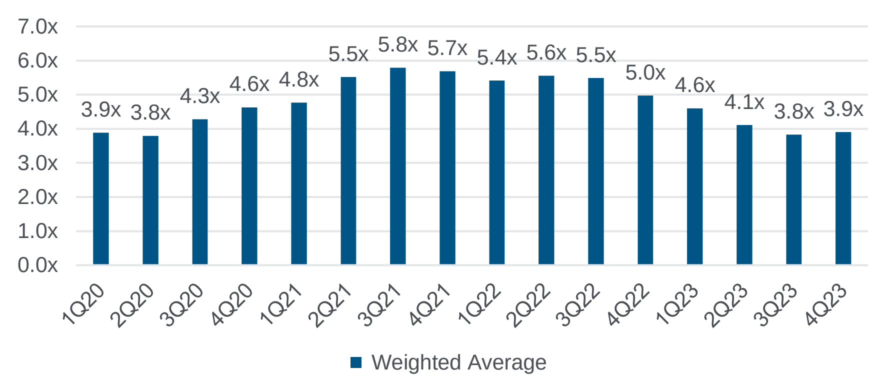
Loan Ratings Actions (S&P, Rolling 3-Month Basis)[1]



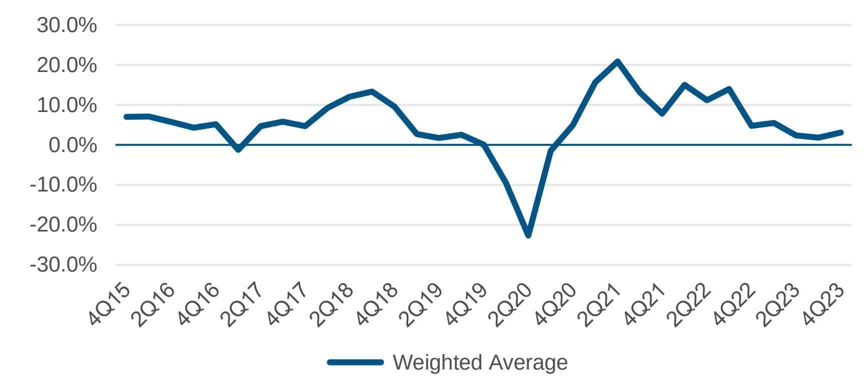
Average Leverage Ratios For New Issue Loans[2,3]



Interest Coverage of Public Issuers' Outstanding Loans[3,4]



EBITDA Growth of Public Leveraged Loan Issuers[2,4]



1. Source: Pitchbook LCD, "LLI Default Rate & Distressed Ratios" (March 31, 2024).
2. Source: Pitchbook LCD, Morningstar LSTA Leveraged Loan Index: Current Credit Statistics (March 31, 2024). Data for loans represents metrics for the Morningstar LSTA LLI.
3. Includes issuers with EBITDA greater than $50mm.
4. The sample for the latest quarter includes 150 issuers within the Morningstar LSTA LLI that file results publicly, or 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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Leveraged Credit Market - Conditions & Outlook

Performance

Loans returned 0.85% in March 2024; YTD return as of 3/31/2024 = 2.46%[1]

- Lower-rated assets are outperforming higher quality loans (reflective of discounted prices and higher spreads for riskier credits), despite weakness in late-March / early April[1]
  - CCC loans returned 5.17% YTD as of 3/31/24 vs. 2.45% for Bs and 2.00% for BBs[1]
- Loans have outpaced other credit assets YTD, including HY bonds (+1.51% YTD 3/31 return), IG bonds (-0.08%), and 10Y US Treasury bonds (-1.61%)[2]
  - Loans outperformed HY, IG, and UST bonds on an LTM basis as of 3/31/2024[2]

Credit Fundamentals

Resilient growth and higher rate environment are generally favorable for loans, though idiosyncratic risk remains elevated among lower-rated borrowers

- Recent economic data has been stronger than expected; broadly positive 1Q corporate earnings results expected
- LTM LLI default rate (by par amount, excluding distressed exchanges) decreased 27bps MoM to 1.14% as of 3/31/2024– a 13-month low[3]
- Forward stress indicators point to stable/declining default activity in the near-term[3]
  - Rolling 3M loan rating downgrade-to-upgrade ratio improved to 1.64x as of 3/31/2024[3]
  - Share of performing loans priced <80 decreased to 3.51% as of 3/31/2024 from 4.54% as of 12/31/23[3]

Technicals

Continued strong demand for loans, limited true new issue supply[4]

- Gross institutional loan issuance totaled $325.4B in 1Q24–the highest quarterly level in three years—driven by $151.0B of repricings and $86.1B of refinancings[4]
  - B minus borrowers represented 37% of 1Q refinancing activity[4]
  - In 1Q24, 28 companies tapped the BSL market to refinance $11.8B of loans previously issued in the private credit market[4]
- New CLO issuance totaled $48.8B in 1Q24, a 53% QoQ increase, while retail loan funds recorded $2.8B of net inflows in 1Q24[4,5]

Outlook

Floating-rate assets can offer protection in a rising rate environment

- Current loan spreads are still wide to post-Covid tights
- Benign near-term default and downgrade outlook
- At 10.39% as of 3/31/2024, the average 3Y yield for loans compares favorably to 7.75% YTW for HY bonds as of 3/31/2024[6,7]

1. Represents metrics for the Morningstar LSTA Leveraged Loan Index ("Morningstar LSTA LLI") as of the stated date.
2. Senior secured loans are represented by the Morningstar LSTA LLI, high yield bonds are represented by the ICE/BofA US High Yield Bond Index, TIPS are represented by the Bloomberg US Treasury TIPS 0-5 Years Total Return Index, Aggregate Bonds are represented by the Bloomberg US Aggregate Bond Index, which encompasses Investment Grade, taxable fixed-rate bonds, corporate bonds are represented by ICE/BofA US Corporate Index, Municipal Bonds are represented by the Bloomberg Municipal Bond Index 22+ Yr and U.S. Treasury Bonds are represented by the Bloomberg US Treasury Bond 10-20 Year Index. Sources: Morningstar/LSTA, JPMorgan Markets. An investment cannot be made directly in an index. Past performance is not a guarantee of future results. Holdings in any relevant index may differ materially from holdings in an Octagon-managed account or fund.
3. Source: Pitchbook LCD, "LLI Default Rate & Distressed Ratios" (March 31, 2024).
4. Source: Pitchbook LCD, "March Wrap: Leveraged loans gain 0.85%; Q1 return is 2.46% amid supply shortage" (April 1, 2024).
5. Source: J.P. Morgan North America Credit Research, "High Yield Bond and Leveraged Loan Market Monitor" (April 1, 2024).
6. Source: ICE BofA, as of the stated date. Represents the ICE BofA US High Yield Index, an index tracking the performance of US dollar denominated below investment grade rated corporate debt publicly issued in the US domestic market. It is impossible to invest directly in the index. Past performance is not a predictor of future market performance.
7. Represents the Yield to 3-Year Takeout for the Morningstar LSTA LLI (March 31, 2024).

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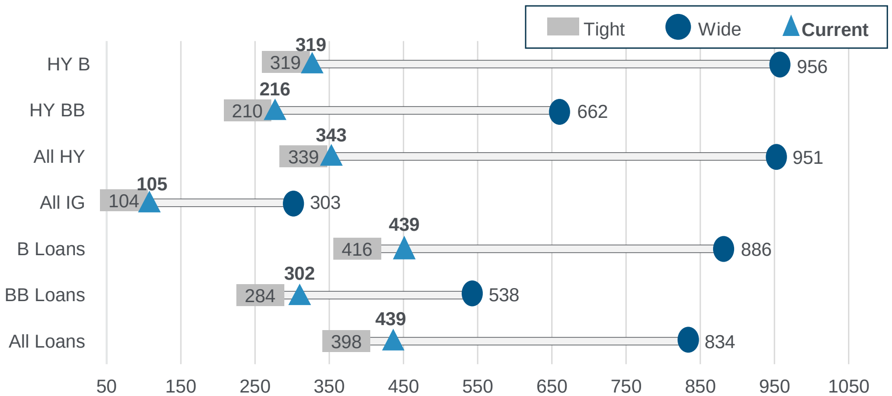
Leveraged Credit Market - Conditions & Outlook (cont.)

BSL Loan Market Snapshot[1,2]

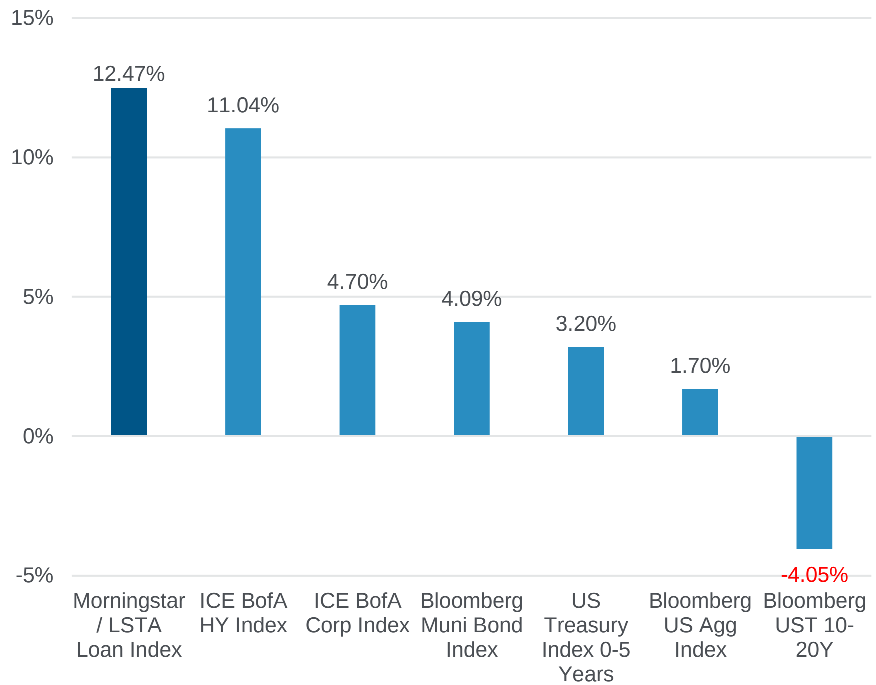
Morningstar LSTA Leveraged Loan Index ("LLI")[1]	3/31/2024	12/31/23	3/31/23
Weighted Average Bid Price	**96.73**	96.23	93.38
Monthly Interest Income Return	**0.79%**	0.81%	0.74%
% of Performing Loans priced at or above Par	**38.73%**	38.37%	1.56%
Average Base Rate*	**5.32%**	5.37%	4.73%
Loan 3Y Yield	**10.39%**	10.72%	11.29%

**Average of all outstanding 1- and 3-Month LIBOR/SOFR contracts tracked by Markit.*

Loan, HY & IG Bond Spreads 4/1/2020-3/28/2024[4]



LTM Loan Returns vs. Other Credit Assets as of 3/31/2024[3]



1. Represents metrics for the Morningstar LSTA Leveraged Loan Index ("Morningstar LSTA LLI") as of the stated date.
2. "Market" represents the total addressable leveraged loan market; Source: Morningstar LSTA LLI par amount outstanding (March 31, 2024).
3. Senior secured loans are represented by the Morningstar LSTA LLI, high yield bonds are represented by the ICE/BofA US High Yield Bond Index, TIPS are represented by the Bloomberg US Treasury TIPS 0-5 Years Total Return Index, Aggregate Bonds are represented by the Bloomberg US Aggregate Bond Index, which encompasses Investment Grade, taxable fixed-rate bonds, corporate bonds are represented by ICE/BofA US Corporate Index, Municipal Bonds are represented by the Bloomberg Municipal Bond Index 22+ Yr and U.S. Treasury Bonds are represented by the Bloomberg US Treasury Bond 10-20 Year Index. Sources: Morningstar/LSTA, JPMorgan Markets. An investment cannot be made directly in an index. Past performance is not a guarantee of future results. Holdings in any relevant index may differ materially from holdings in an Octagon-managed account or fund.
4. "Tight" represents the lowest spread level and "wide" represents the highest spread level over the period 4/1/2020-3/28/2024. "Current" spread level is as of 3/28/2024. Senior secured loans are represented by the Morningstar LSTA LLI, high yield bonds are represented by the JPMorgan High Yield Bond Index, and investment grade corporate bonds are represented by the JPMorgan U.S. Liquid Index ("JULI") investment grade corporate bond index. Loan spreads represent Spread to Maturity. Spreads for high yield bonds represent Spread to Worst. Spreads for investment grade corporate bonds represent spread-to-interpolated-Treasury. Sources: Morningstar/LSTA, JPMorgan Markets. An investment cannot be made directly in an index. Past performance is not a guarantee of future results. Holdings in any relevant index may differ materially from holdings in an Octagon-managed account or fund.

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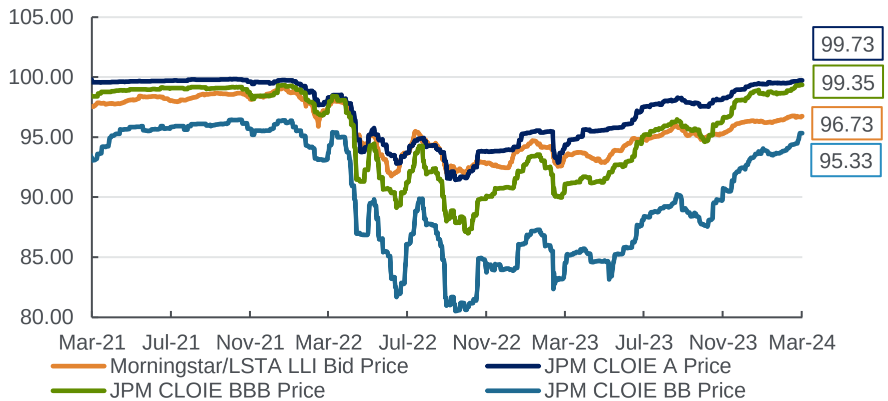
1Q 2024 CLO Debt Performance

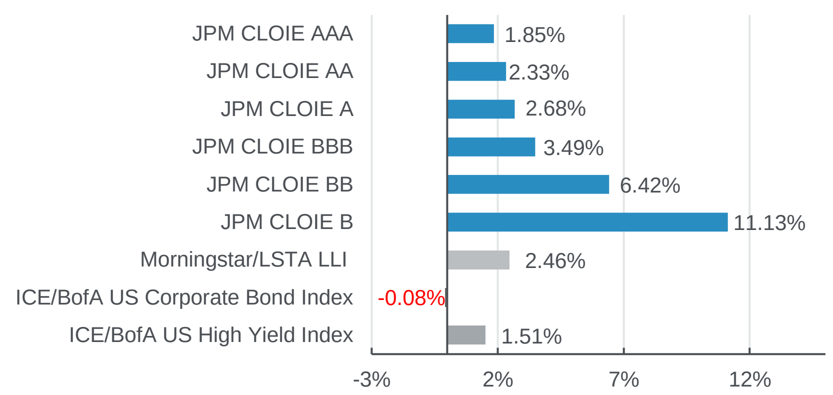
Debt Performance by Asset Class/Tranche (Rating)[1,2]

	March 2024	February 2024	January 2024	1Q 2024	4Q 2023	1Q 2023	LTM 3/31/2024
CLOIE AAA	0.53%	0.57%	0.74%	1.85%	2.18%	1.76%	8.78%
CLOIE AA	0.64%	0.66%	1.01%	2.33%	2.60%	2.34%	10.85%
CLOIE A	0.83%	0.70%	1.12%	2.68%	2.89%	2.14%	13.95%
CLOIE BBB	1.37%	0.74%	1.34%	3.49%	4.65%	2.31%	19.02%
CLOIE BB	2.56%	0.77%	2.98%	6.42%	7.33%	3.58%	27.94%
CLOIE B	3.30%	3.87%	3.57%	11.13%	8.08%	3.60%	35.97%
Morningstar LSTA LLI	0.85%	0.91%	0.68%	2.46%	2.87%	3.23%	12.47%

Weighted Average Bid Price of Loans & CLO Debt[1,2]



CLOs vs. Other Assets – YTD as of 3/31/2024 Total Return[1,2,3]



1. Source: J.P. Morgan Data Query, as of the stated date. 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). It is impossible to invest directly in the index. Past performance is not a predictor of future market performance.
2. Sources: Pitchbook Leveraged Commentary & Data (Pitchbook LCD), Morningstar LSTA Leveraged Loan Index. Represents metrics for the Morningstar LSTA Leveraged Loan Index (“Morningstar LSTA LLI”) as of the stated date. In conjunction with LCD, the Leveraged Syndications & Trading Association (“LSTA”) developed the Morningstar LSTA LLI, a market-value weighted index designed to measure the performance of the US leveraged loan market, the index universe comprises syndicated, senior secured, US-dollar denominated leveraged loans covered by Morningstar PitchBook/LCD, a Morningstar Company. Loan facilities included in the LLI must have a one year (at inception) minimum term, an initial minimum spread of L/S+125 bps, and a minimum size of $50mm (initially funded). Refinitiv/LPC Mark-to-Market Pricing is used to price each loan in the index. Refinitiv/LPC Mark-to-Market Pricing is based on bid/ask quotes gathered from dealers and is not based upon derived pricing models. The index uses the average bid for its market value calculation. It is not possible to invest directly in this index. Past performance is not a predictor of future market performance. Please note that the performance information presented herein for the Morningstar LSTA Leveraged Loan Index reflects restated returns for the period June 25, 2022 – February 27, 2023, pursuant to a recent notification issued by PitchBook/LCD Research that a technical error in the calculation of accrued interest for certain securities within the Morningstar Leveraged Loan Indexes dating back to June 25, 2022 had been identified and corrected. Previous communications reflected overstated Morningstar Leveraged Loan Index returns.
3. *Source: ICE BofA US Corporate Bond Index, ICE BofA US HY Index returns sourced from Bloomberg (March 31, 2024).*

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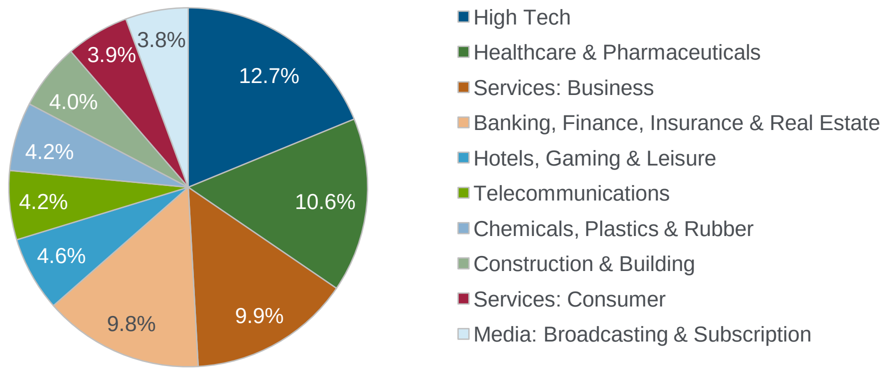
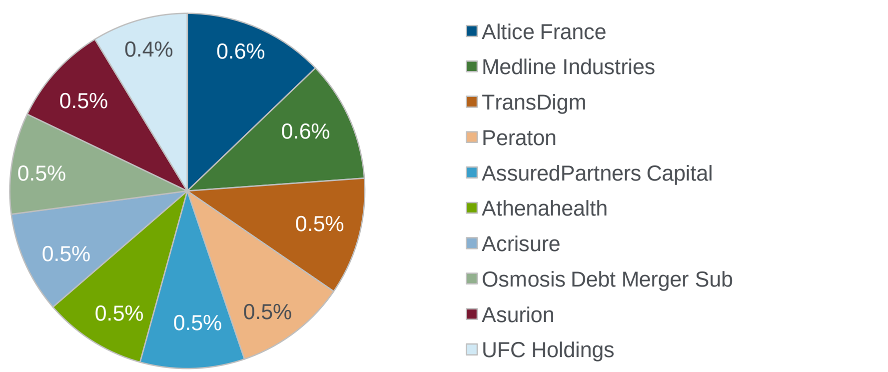
XFLT CLO Debt & CLO Equity Portfolio Characteristics[1]

Portfolio Statistics[2]		
Account Inception Date		September 2017
# of Positions		164
# of Collateral Managers		30
Average Manager Exposure		3.4%
% Exposure to Post RP Deals[4]		10.69%
Largest Manager Exposure		9.4% par / 10.2% cost
Original Rating		
	% of Par	**% of Cost**
BB	19.7%	25.1%
B	1.0%	1.3%
Equity	79.3%	73.6%
Original Deal Vintage		
	% of Par	**% of Cost**
2013	0.2%	0.3%
2015	6.3%	3.8%
2016	6.2%	5.4%
2017	7.9%	6.7%
2018	8.8%	8.8%
2019	16.0%	17.9%
2020	8.9%	10.2%
2021	28.9%	27.7%
2022	8.5%	9.8%
2023	2.5%	2.9%
2024	5.8%	6.4%

Top 10 Industries in Underlying Portfolio: 67.7%[3]



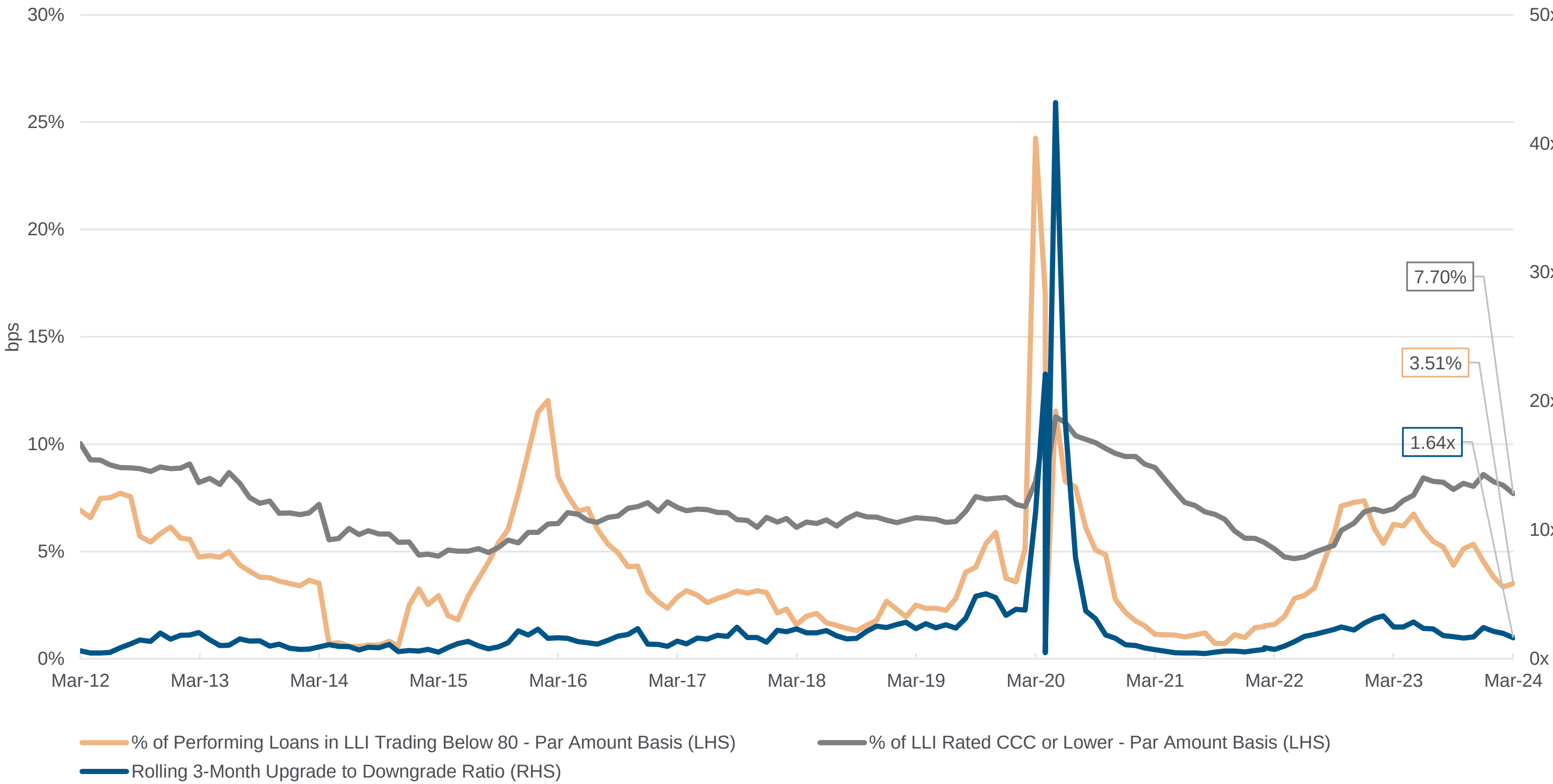
Top 10 Obligors in Underlying Portfolio: 5.0%[3]



1. Represents CLO Debt and Equity positions as of March 31, 2024.
2. Portfolio Statistics are based upon par value. Excludes the following CLO equity position, which has been called: THL Credit Wind River 2016-1 CLO, LTD. Totals may not foot to 100% due to rounding.
3. Statistics presented above are calculated on a weighted average basis across the aggregate collateral pools, and reflect the weighted average notional value of underlying collateral as of March 31, 2024. Sources: Kanerai / Intex (calculated on April 4, 2024), which utilizes data from the most recent trustee reports for each underlying collateral portfolio comprising the above statistics.
4. Represents CLO Debt and Equity positions post reinvestment period on a par basis as of March 31, 2024.

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.

Credit Stress Indicators and Loan Defaults[1,2]



1. Source: Pitchbook LCD (March 31, 2024). Morningstar LSTA LLI default rate represents lagging 12-month default rate by principal amount as of the respective period. The Morningstar LSTA LLI generally mirrors the universe of leveraged loans syndicated in the US. Defaults for the Morningstar 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 Refinitiv/LPC mark-to-market service. 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. Past defaults are not an indication of future default rates.
2. Source: Pitchbook LCD. Represents all loans (excluding defaulted loans) in the Morningstar LSTA LLI marked at an average bid price below 80 or rated CCC or below (March 31, 2024). Morningstar 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 Morningstar LSTA LLI generally mirrors the universe of leveraged loans syndicated in the US. Defaults for the Morningstar 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 Refinitiv/LPC mark-to-market service.

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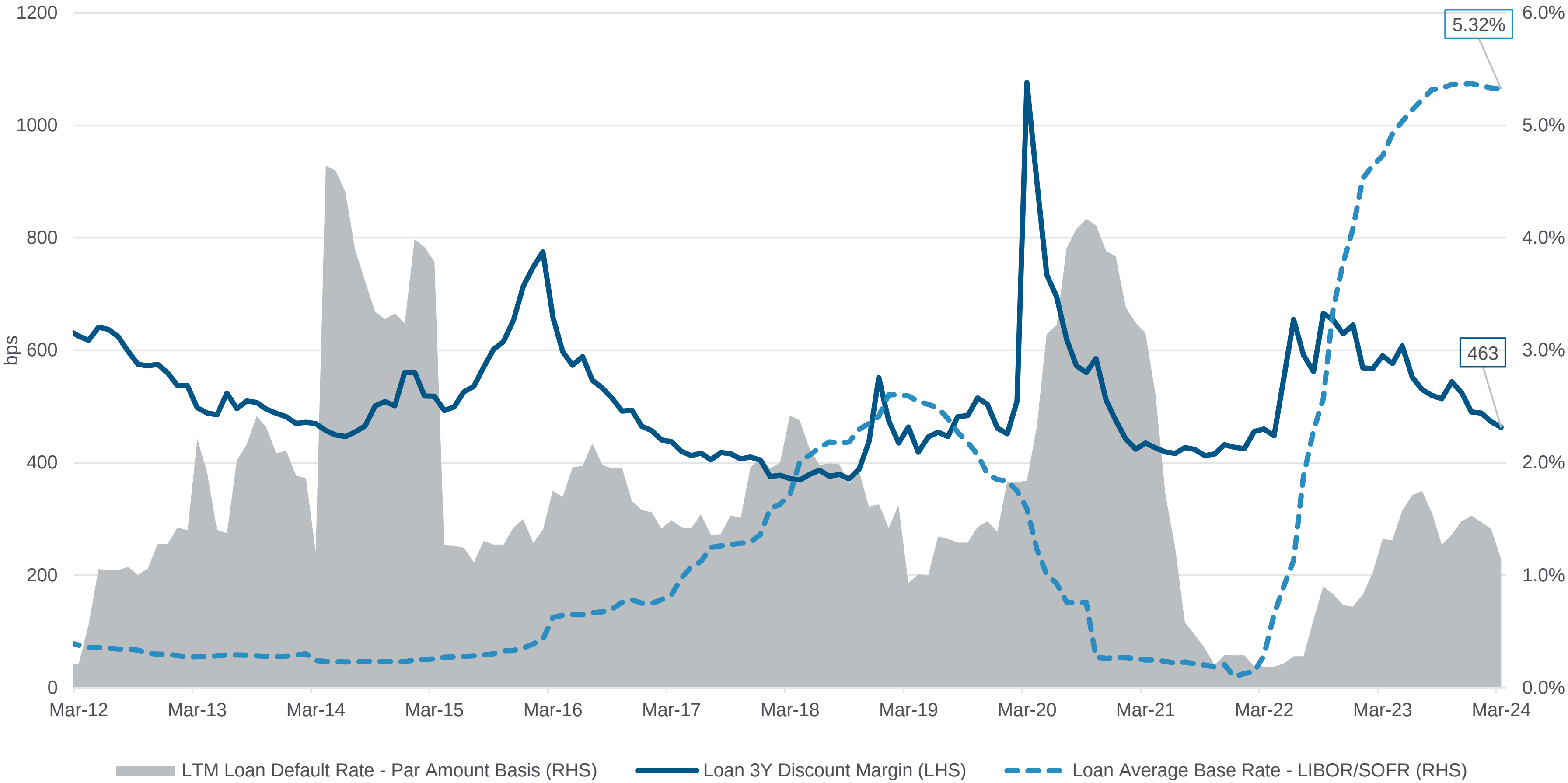
Historical Loan Yields and Default Rate[1,2,3,4]



1. *Source: Pitchbook LCD (March 31, 2024). Morningstar LSTA LLI default rate represents lagging 12-month default rate by principal amount as of the respective period. The Morningstar LSTA LLI generally mirrors the universe of leveraged loans syndicated in the US. Defaults for the Morningstar 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 Refinitiv/LPC mark-to-market service. 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. Past defaults are not an indication of future default rates.*
2. *Represents the Yield to Maturity (YTM) for the Morningstar LSTA LLI. "Long Term Median Yield to Maturity" represents the median of YTM at month-end starting January 31, 2010.*
3. *Represents the 3 Year Discount Margin for the Morningstar LSTA LLI. "Long Term Median Loan 3 Yr Discount Margin" represents the median of 3 Year Discount Margins at month-end starting January 31, 2010.*
4. *Represents the average of all outstanding 1- and 3- Month LIBOR/SOFR contracts tracked by Markit.*

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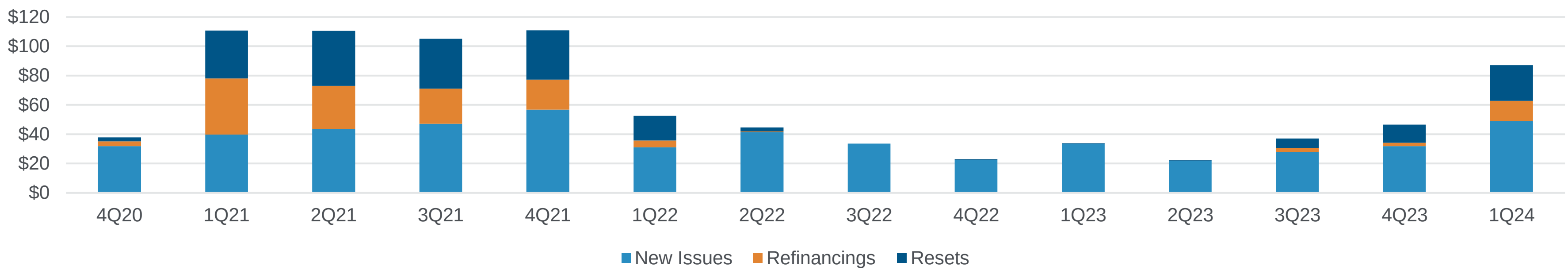
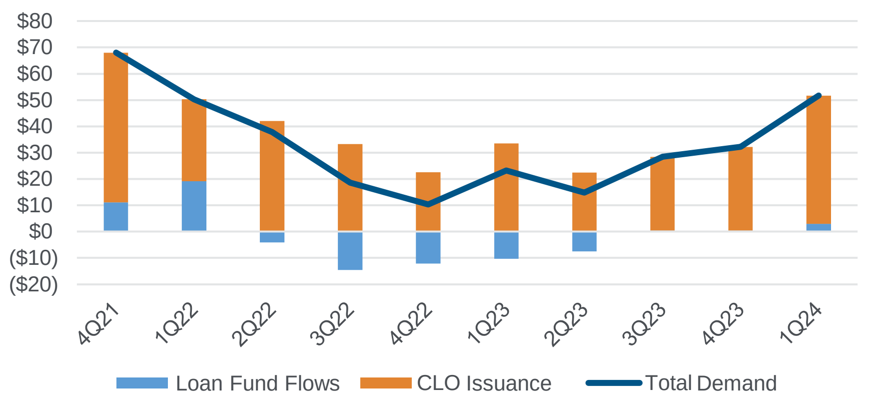
Technical Dynamics

- Heavy new CLO issuance providing strong technical support for loan market as net loan supply continues to fall short of demand
  - Robust CLO formation and deal resets have helped to offset impact from CLOs exiting the reinvestment period
- Loan market supply / demand gap to widened to $61.5B as of 3/31/24 - the highest level since the Fed began raising rates[1]

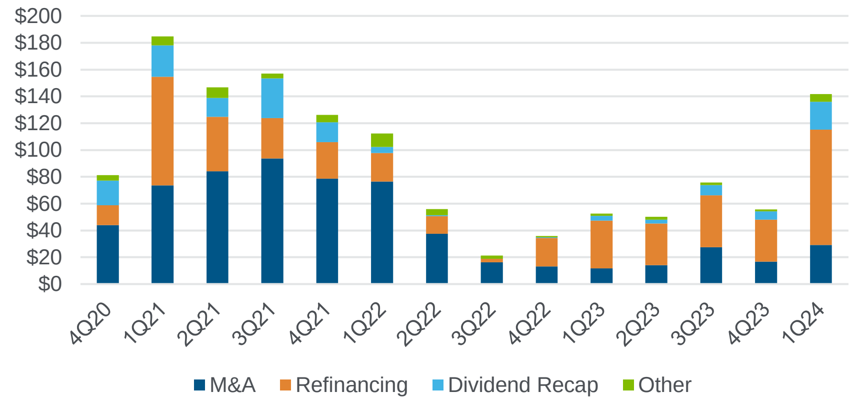
Quarterly US CLO Total Volume ($B)[2]



Measurable Investor Demand For US Loans ($B)[3]



Institutional New Issue Loan Volume ($B)[3]



1. *Source: Pitchbook LCD, "March Wrap: Leveraged loans gain 0.85%; Q1 return is 2.46% amid supply shortage" (April 1, 2024).*
2. *Source: Pitchbook LCD, LCD Global CLO Databank (March 31, 2024).*
3. *Source: Pitchbook LCD, "LCD Research Index" (March 31, 2024). Data for loans represents metrics for the Morningstar LSTA LLI.*

CLO Market Commentary

1Q 2024 CLO Market Themes

CLO debt tranches generated strong returns in 1Q 2024 across the capital stack again, outpacing other comparably rated assets[1,2,3]

- CLO AAA tranches returned 1.85% in 1Q 2024 vs. -1.55% for AAA corporate bonds[1,4]
- CLO BB tranches returned 6.42% in 1Q 2024 vs. 1.42% for BB HY bonds[1,5]

Primary CLO liability spreads tightened further in 1Q 2024 amid heavy CLO supply and a wave of loan repricings[6]

- FY new CLO issuance = $115.8B vs. $129.0B in 2022 and record $187.0B in 2021[6]

Tightening spreads, CLO manager tiering compression,[7] declining 3M/1M reference rate basis,[8] and more normalized structural leverage in 2023[9,10]

- $48.8B of new CLOs priced in 1Q 2024—the highest 1Q volume in the post-GFC era[7]
- Primary CLO AAA spreads tightened to an average S+157 bps in 1Q 2024 from S+176 bps in 4Q 2023 and S+196 bps in 1Q 2023[8]
- As primary CLO spreads compressed, managers sought to reprice liabilities on existing AAA tranches, leading to a record volume of CLO resets and refinancings in 1Q 2024[8]
  - Weighted average cost of capital for new CLOs issued by top-tier managers compressed to S+199 bps in 1Q 2024, representing a -23 bps QoQ decrease and -63 bps lower YoY[9]
- Lack of true new issue loan supply and heavy CLO demand led to a near-record loan repricing wave in 1Q 2024[8]
  - 1Q 2024 loan repricing volume = $150.8B, 14% higher than the previous quarterly record set in 1Q 2021 ($132.2B)[7]
  - Limited new issue loan supply underscores the importance of warehouse openings leading to new CLO formation[8]
- An estimated $8.9B of CLOs were called in 1Q 2024–the highest amount since 1Q 2022[10]
  - We expect to see an increase in call volume from seasoned deals with minimal equity payments and positive equity NAVs[11]
- Given record CLO formation in 1Q 2024, several sell-side CLO strategists have raised their projections for FY 2024 primary CLO issuance and deal resets, including:[6,12,13,14]
  - Barclays ($135-145B from $100-110B), JPMorgan ($100B of deal resets/reissues/refinancings from $50B), BofA ($110B for BSL CLO issuance vs. $75B), and Citi ($160B from $110B)[6,12,13,14]

Tail risk in CLO collateral portfolios is expected to remain elevated in the face of ongoing idiosyncratic credit stress[11]

- We believe continued loan downgrades and lower loan recoveries may adversely impact CLO equity distributions, and potentially drive an increase in redemptions among post-reinvestment period CLOs in the near-term[11,15]

Please refer to the "CLO Market Commentary – Endnotes" section herein for all associated footnotes.

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.

CLO Market Commentary (cont.)

CLO Portfolio Fundamentals

Median CCC/Caa concentrations in US CLOs declined in 1Q 2024 from 4Q 2023 levels, but will broadly increase in early 2Q 2024 from March 2024 medians further to Altice France downgrades by Moody's and S&P in late-March[16]

- Improvement in CCC/Caa concentration in 1Q 2024 reflects manager sales of CCC loans at higher prices, as well as ratings migrations in and out of the CCC bucket (upgrades or downgrades to D or SD)[16]
- Because of the Altice France ratings downgrades, BofA estimates that the median junior overcollateralization (OC) cushion is expected to decline from 4.6% to 4.2% for reinvesting CLOs, and from 1.2% to 0.8% for CLOs beyond the reinvestment period (post-RP)
  - As a result, the share of CLOs breaching the junior OC test is expected to increase to 1.5% for reinvesting CLOs, and 33% for post-RP deals[9]
- Ratings downgrades are expected to continue in the near-term as elevated interest expenses weigh on borrowers[16]

Near-record loan repricings have impacted the weighted average spread (WAS) of underlying loan assets held in CLOs, and CLO WAS levels are expected to gradually decline further in the coming months[17]

- Median WAS has declined 5 bps YTD as of March 2024[17]
- Nomura Research anticipates a total 8-10 bps decline in median WAS in 2024[17,18]

Median equity distribution for reinvesting CLOs declined slightly in 1Q 2024 to 3.6% (of notional)[19]

- CLO NAVs have increased as a result of higher loan prices, reflecting CLO equity prices trading closer to NAV[11]
  - 38.73% of the loan market was trading at par or above as of 3/31/2024[19]

Market Technicals

New CLO issuance set a record pace in 1Q 2024[7]

- New CLO formation totaled $48.8B in 1Q 2024 vs. $32.0B in 4Q 2023 and $33.5B in 1Q 2023[7]
  - 106 new CLOs priced across 76 managers in 1Q 2024 vs. 74 deals priced across 62 managers in 4Q 2023 and 77 deals from 61 Managers in 1Q 2023[7]
  - Middle market CLOs comprised 20% of 1Q 2024 primary volume vs. 27% for 4Q 2023 and 20% in 1Q 2023[7]
  - CLO reset/reissue volume = $24.3B in 1Q 2024 vs. $12.4B in 4Q 2023 and $0.41B in 1Q 2023[7]
  - CLO refinancings = $14.0B in 1Q 2024 vs. $2.3B in 4Q 2023 and zero in 1Q 2023[7]
- Primary CLO equity attracted more investor interest in 1Q 2024 amid an improving new issue equity arbitrage and increased activity among third party equity buyers[11]

Healthy secondary CLO market liquidity throughout 1Q 2024[20]

- 1Q 2024 US CLO BWIC volume = $14.5B, up over 6% QoQ and 5% YoY[20]
  - January 2024 marked the highest monthly BWIC volume ($5.5B) in 1Q 2024, compared to $4.6B in February 2024 and $4.4B in March 2024, reflecting an increase in CLO resets, refinancings, and paydowns in the latter half of the quarter[7]

Please refer to the "CLO Market Commentary – Endnotes" section herein for all associated footnotes.

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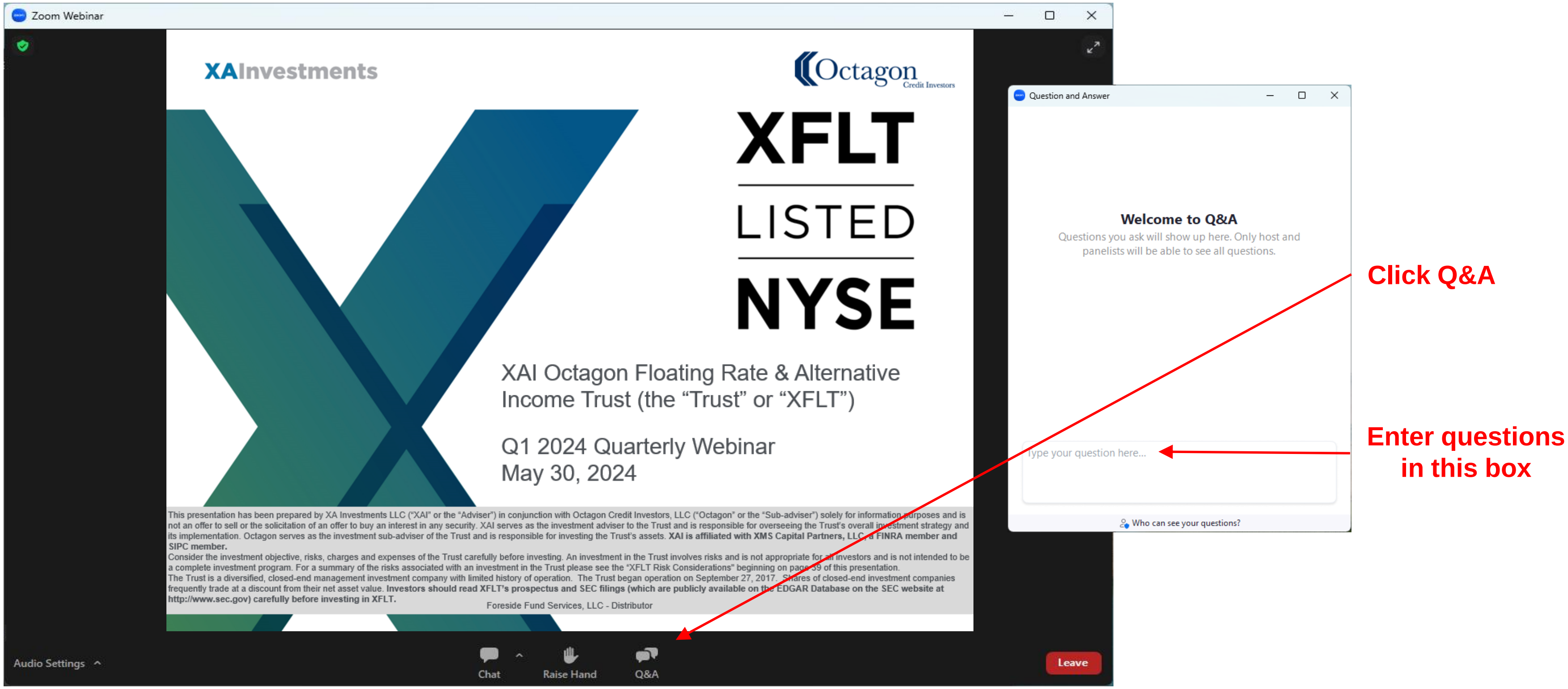
CLO Market Commentary – Endnotes

1. Source: J.P. Morgan Data Query, as of the stated date. 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). It is impossible to invest directly in the index. Past performance is not a predictor of future market performance.
2. Sources: Pitchbook Leveraged Commentary & Data (Pitchbook LCD), Morningstar LSTA Leveraged Loan Index. Represents metrics for the Morningstar LSTA Leveraged Loan Index ("Morningstar LSTA LLI") as of the stated date. In conjunction with LCD, the Leveraged Syndications & Trading Association ("LSTA") developed the Morningstar LSTA LLI, a market-value weighted index designed to measure the performance of the US leveraged loan market, the index universe comprises syndicated, senior secured, US-dollar denominated leveraged loans covered by Morningstar PitchBook/LCD, a Morningstar Company. Loan facilities included in the LLI must have a one year (at inception) minimum term, an initial minimum spread of L/S+125 bps, and a minimum size of $50mm (initially funded). Refinitiv/LPC Mark-to-Market Pricing is used to price each loan in the index. Refinitiv/LPC Mark-to-Market Pricing is based on bid/ask quotes gathered from dealers and is not based upon derived pricing models. The index uses the average bid for its market value calculation. It is not possible to invest directly in this index. Past performance is not a predictor of future market performance. Please note that the performance information presented herein for the Morningstar LSTA Leveraged Loan Index reflects restated returns for the period June 25, 2022 – February 27, 2023, pursuant to a recent notification issued by PitchBook/LCD Research that a technical error in the calculation of accrued interest for certain securities within the Morningstar Leveraged Loan Indexes dating back to June 25, 2022 had been identified and corrected. Previous communications reflected overstated Morningstar Leveraged Loan Index returns.
3. Source: ICE BofA US Corporate Bond Index, ICE BofA US HY Index returns sourced from Bloomberg (March 31, 2024).
4. Source: J.P. Morgan Data Query (March 31, 2024). Represents performance for JPMorgan JULI US AAA Index from January 1-March 31, 2024.
5. Source: J.P. Morgan High Yield Bond and Leveraged Loan Market Monitor (April 1, 2024).
6. Source: Pitchbook LCD, "Global CLO Roundup: Refis/resets keep coming; Barclays lifts FY volume views" (March 19, 2024).
7. Source: Pitchbook LCD, "CLO Global Databank" (retrieved from www.lcdcomps.com, March 31, 2024).
8. Source: Pitchbook LCD, "Credit Markets Quarterly Wrap" (March 26, 2024).
9. Source: BofA Global Research, "CLO Factbook" (April 5, 2024).
10. Source: BofA Global Research, "Estimated Called CLO Deals" (March 31, 2024).
11. Source: BofA Global Research, "CLO Weekly: Tokyo Rates Drift: Impact on CLOs; Equity YTD returns: Higher than Pi" (March 15, 2024).
12. Source: J.P. Morgan North America Credit Research, "CLO: Dancing with our hands tied" (March 1, 2024).
13. Source: BofA Global Research, "CLO Weekly: CLO performance updates: the enigmatic Return to Innocence" (March 1, 2024).
14. Source: Citi Research, "Global CLO Market Q2'2024 Outlook" (March 21, 2024).
15. Source: BofA Global Research, "CLO Weekly: Even the Earth shook at these downgrades; OCs to feel the after shocks" (April 5, 2024).
16. Source: Morgan Stanley Research, "Leveraged Loans and CLO Dashboard – Staying Strong" (April 12, 2024).
17. Source: Nomura Global Markets Research, "CLO Special Topics" (March 21, 2024).
18. Source: Nomura Global Markets Research, "CLO Special Topics" (April 4, 2024).
19. Source: BofA Global Research, "CLO Equity Data Feb 2024" (March 13, 2024).
20. Source: J.P. Morgan North America Credit Research, "US and EUR BWIC Volumes" (April 4, 2024).

Webinar Questions?

Please use the Q&A dropdown indicated below to submit your questions



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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.

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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 Morningstar 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 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.
	Year 8	**Average Life of a CLO**

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.

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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).

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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 Floor	Ensures that investors receive a guaranteed minimum yield on the loans in which they invest, regardless of how low the LIBOR 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.
Morningstar LSTA Leveraged Loan 100 Index	The Morningstar LSTA U.S. Leveraged Loan 100 Index 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.
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.

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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. Overnight and 12-month US dollar LIBOR permanently ceased as of June 30, 2023. 1-, 3-, and 6-month U.S. dollar LIBOR settings will continue to be published using a synthetic methodology until September 2024. As an alternative to LIBOR, the Financial Reporting Council, in conjunction with the Alternative Reference Rates Committee, recommended replacing LIBOR with SOFR. There is no guarantee that the performance of individual investments or the syndicated debt and CLO securities markets as a whole during or after the transition period will be consistent with performance achieved during the LIBOR era.

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

XFLT Risk Considerations

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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.

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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 may utilize leverage to the maximum extent permitted under the Investment Company Act of 1940.

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 preferred shares, which are senior securities that constitute shares of beneficial interest of the Trust. 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.

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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 while interest rates were historically low in recent years, the Federal Reserve has been increasing the Federal Funds rate to address inflation. 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.

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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 their initial investment on the Termination Date or in an Eligible Tender Offer, and investors 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/SOFR TRANSITION RISK. CLO debt and bank syndicated loans historically used LIBOR as an interest rate benchmark. Overnight and 12-month US dollar LIBOR permanently ceased as of June 30, 2023. 1-, 3-, and 6-month U.S. dollar LIBOR settings will continue to be published using a synthetic methodology until September 2024. As an alternative to LIBOR, the Financial Reporting Council, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, recommended replacing U.S. dollar LIBOR with Secured Overnight Financing Rate ("SOFR"), a new index calculated by reference to short-term repurchase agreements, backed by Treasury securities. There is no guarantee that the performance of individual investments or the syndicated loan and CLO securities markets as a whole during or after the transition period will be consistent with performance achieved during the LIBOR era. Neither the effect of the LIBOR transition process nor its ultimate success can yet be known, and the transition process might lead to increased volatility and illiquidity in markets for, and reduce the effectiveness of, new hedges placed against instruments whose terms currently include LIBOR.

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