

## FUND OVERVIEW | 2Q 2024

### Strategy Overview

Under normal market conditions, the Fund will invest at least 80% of its net assets in securities of collateralized loan obligation entities (CLOs), including the debt tranches of CLOs ("CLO debt") and subordinated tranches of CLOs (often referred to as the "residual" or "equity" tranche) ("CLO equity").

### Investment Objective

The investment objective of the Fund is to provide high income and total return.

### Why CLO Debt Now?

#### Attractive Yields

CLO debt offers the opportunity for incremental yield pick up relative to similarly rated bonds and other structured securities.

#### Floating Rate Income

CLO debt investment coupons float with SOFR<sup>1</sup>, therefore CLO debt typically has lower duration risk compared to similarly rated assets.

#### Portfolio Diversification

Low correlations to investment-grade corporate credit and equities and negative correlation to U.S. Treasury bonds.<sup>2</sup>

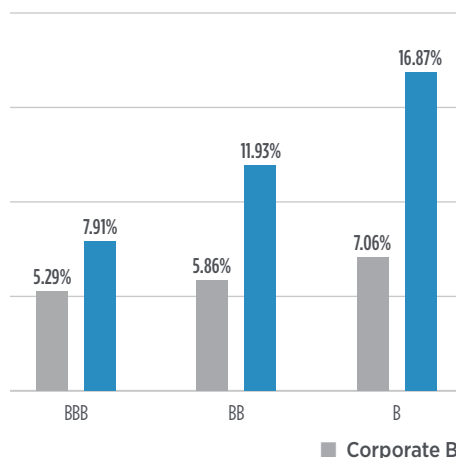
#### Lower Historical Defaults than Corporate Bonds

CLO debt has demonstrated low historical default rates, relative to corporate credit, and feature certain structural elements built-in to reduce risk of default.<sup>3</sup>

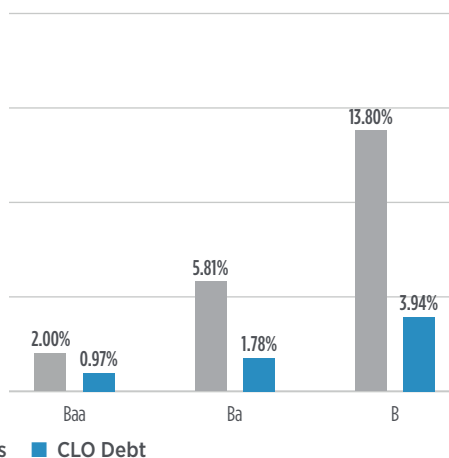
#### Total Return Opportunity

CLO junior mezzanine debt (BBB- to B-rated), when priced at a discount, can offer price appreciation during periods of interest rate volatility.

**Comparative Yield of U.S. CLO Debt and Equivalently Rated U.S. Corporate Bonds<sup>4</sup>**  
(as of March 31, 2024)



**Cumulative U.S. CLO Debt Impairments vs. Corporate Defaults<sup>\*,5,6</sup>**



\*Cumulative U.S. CLO debt impairment data as of June 26, 2023. Corporate defaults data as of November 6, 2018 and reflects the latest data available.

See page 4 for notes and important risk information.

NOT FDIC INSURED NO BANK GUARANTEE MAY LOSE VALUE



### Fund Overview

**Adviser:** XA Investments LLC

**Sub-Adviser:** Octagon Credit Investors, LLC

**Structure:** Interval Fund (1940 Act registered closed-end fund)

**Net Asset Value (NAV) Frequency:** Daily

**Class I Symbol:** OCTIX

**Class A Symbol:** OCTAX

### Investment Parameters

At least 80% of the Fund's managed assets will be invested in CLO debt

Up to 20% of the Fund's managed assets may be invested in CLO equity and other debt securities, including senior loans, corporate debt, treasuries, and other structured credit

### Offering Details

**Investment Category:** Alternative Credit

**Leverage:** None

**Distributions:** Monthly

**Purchase Availability:** Daily<sup>7</sup>

**Initial Offering Price:** \$25 per share

**Minimum Initial Investment:** \$2,500 (Class A); \$10,000 (Class I)

**Liquidity:** Quarterly redemptions; no less than 5% of outstanding shares

**Management Fee:** 1.50% on total managed assets

**Fee Waiver/Expense Reimbursement:** 0.50% on Class A shares<sup>8</sup>

**Benchmark<sup>9</sup>:** 50% ICE BofA U.S. High Yield Index and 50% Morningstar LSTA U.S. Leveraged Loan Index

**Tax Reporting:** Form 1099

**How to Invest in the Fund:** The Fund is available for purchase daily and does not require a subscription agreement or have investor qualification standards. Shares can be purchased under the ticker symbol OCTIX (Class I shares) or OCTAX (Class A shares).

**Certain financial intermediaries may make the Fund available to their clients on a less frequent basis or for purchase only through proprietary platform systems.**

# The Octagon Advantage

Founded in 1994, Octagon is a leading institutional manager of below investment grade credit and an experienced manager of CLOs with \$33.8 billion in assets under management (as of 6/30/2024). Octagon's industry leadership, structural knowledge and credit expertise are beneficial when evaluating senior secured loans and sourcing CLO investments for the Fund's portfolio.

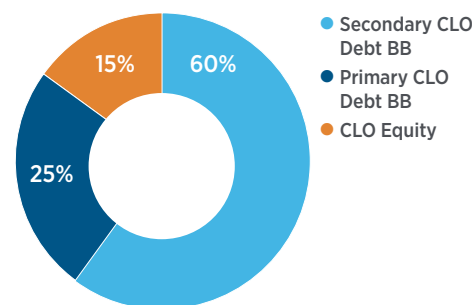
## Octagon is a Proven CLO Manager

**Fundamental Credit Expertise:** Octagon's singular focus on below investment grade corporate credit, combined with the experience and cohesiveness of its investment team, has enabled Octagon to build a strong track record of risk-adjusted performance over multiple credit cycles.

**Experienced CLO Manager and Investor:** Octagon's dual experience as a CLO manager (since 1999, one of the first in the asset class) and a CLO debt tranche investor (since 2007) strengthens the firm's ability to evaluate deal structures, other CLO managers, and underlying asset portfolios.

**Active Portfolio Management:** Octagon seeks to capitalize on attractive investment opportunities and manage portfolio risk through fundamental credit analysis, active trading, and dynamic relative value asset selection. Octagon's active portfolio management and longstanding presence in the CLO market are expected to provide value to the Fund.

## Model Portfolio Asset Allocation



Source: Octagon as of 6/30/2024

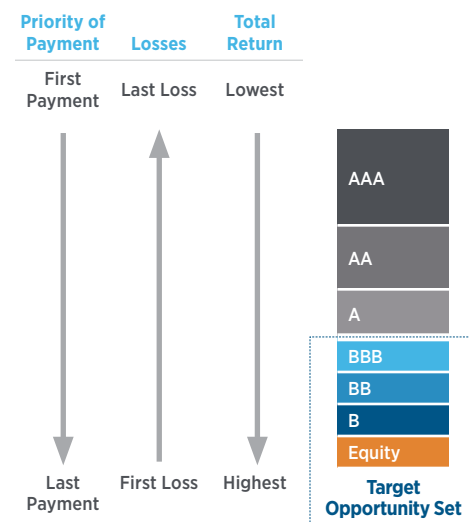
Note: Anticipated initial portfolio characteristics are based on current market conditions and the expectations of the portfolio team. Current market conditions may change, and the Fund may not be able to invest its initial portfolio as planned. The Fund's portfolio allocations may vary over time consistent with the Fund's investment policies and restrictions described in the prospectus. Primary CLO Debt BB refers to investments in BB-rated tranches of newly issued CLOs. Secondary CLO Debt BB refers to investments in BB-rated tranches, which were previously held by a different investor, of existing CLOs.

## Understanding the CLO Structure

CLOs are operated by professional credit managers who actively buy and sell senior loans. The CLO finances its investment in the pool of loans by issuing debt and equity.

At the top of the CLO cash flow waterfall are the CLO debt tranches, where AAA and AA are the most senior. The debt issued by the CLO to pay for its purchase of the loans is divided into different tranches, each with a different risk/return profile. Each debt tranche is given a credit rating by a national rating agency (such as Moody's, S&P Global, or Fitch Ratings). Rating agencies are private services that provide ratings of the credit quality of debt obligations. The more senior the debt tranche, the higher its priority on any cash payment received by the CLO and the higher its rating. The highest rated tranches, AAA and AA, have the lowest current yields but have never defaulted.<sup>10</sup> CLO debt is designed to have lower risk than CLO equity, but CLO equity compensates for its higher risk profile by offering the potential for higher returns.

## CLO Structure



## Repurchase Offer Schedule

The Fund provides periodic liquidity to shareholders by offering *quarterly* repurchase offers at NAV of no less than 5% and no more than 25% of the Fund's outstanding shares. Shareholders, or their financial representative, will receive written notification of the repurchase offer.

Once the initial invest-up is complete, Fund repurchases will commence in Q4 2024.

### First Four Quarters of Repurchases

	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Repurchase Notice Date	10/9/2024	1/7/2025	4/8/2025	7/8/2025
Repurchase Request Deadline	11/20/2024	2/18/2025	5/20/2025	8/19/2025
Repurchase Pricing Date	11/21/2024	2/19/2025	5/21/2025	8/20/2025
Repurchase Payment Deadline	11/27/2024	2/26/2025	5/28/2025	8/27/2025

*Dates subject to change at the Fund's discretion.*

**Repurchase Notice Date:** The date on which the Fund will notify each shareholder of record about its next repurchase offer. The notice will include key details and procedures regarding the repurchase offer.

**Repurchase Request Deadline:** The date by which the Fund must receive repurchase requests submitted by shareholders in response to a repurchase offer or withdrawals or modifications of previously submitted repurchase requests for such repurchase offer.

**Repurchase Pricing Date:** At the close of business, the Fund determines the NAV applicable to the repurchases of the Fund's shares.

**Repurchase Payment Deadline:** The date by which the Fund must pay shareholders for any shares repurchased.

## Shareholder Transaction Expenses

	Class A	Class I
Maximum Initial Sales Charge (Load) Imposed on Purchases (as a percentage of offering price) <sup>11</sup>	2.00%	None
Early Withdrawal Charge <sup>12</sup>	1.00%	1.00%
Dividend Reinvestment Fees	None	None

## Annual Expenses (as of 6/30/2024 as a percentage of net assets attributable to shares)

	Class A	Class I
Management Fees <sup>13</sup>	1.50%	1.50%
Distribution and/or Servicing Fees <sup>14</sup>	0.85%	None
Interest Payment on Borrowed Funds	None	None
Other Expenses <sup>15</sup>	0.68%	0.68%
Total Annual Fund Operating Expenses <sup>8</sup>	3.03%	2.18%
Expense Reimbursement <sup>8</sup>	(0.50%)	None
Total Annual Expenses (After Expense Reimbursement) <sup>8</sup>	2.53%	2.18%

## Notes

- 1 Following the cessation of USD London Interbank Offered Rate (LIBOR) on June 30, 2023, most CLO securities and bank syndicated loans use Term Secured Overnight Financing Rate (SOFR) as a reference rate, while a minority of bank syndicated loans use as their reference rate 6-month USD LIBOR or synthetic USD LIBOR.
- 2 Correlation is based on total return. Source: S&P Capital IQ/S&N Financial LCD News (October 31, 2017). Diversification does not eliminate risk of loss.
- 3 Source: Moody's Analytics (November 6, 2018). Past impairment/default rates are not indicative/a guarantee of future impairment/default rates. The information provided reflects the most current data available.
- 4 Yield for CLOs is represented by the J.P. Morgan Collateralized Loan Obligation Index yield to worst by tranche. For BBB corporate bonds, yield is represented by the respective portfolio yield by rating as measured by the JPMorgan U.S. Liquid Index investment grade corporate bond index. Includes only securities with maturities of 3–5 years and excludes emerging market bonds. For BB and B corporate bonds, yield is represented by the current yield for the JPMorgan U.S. High Yield Index, is designed to mirror the investable universe of the U.S. dollar domestic BB and B high yield corporate debt market. Source: JPMorgan Markets DataQuery (March 31, 2024). The J.P. Morgan Collateralized Loan Obligation Index (CLOIE) is the first rule-based total return benchmark designed to track the USD-denominated, broadly syndicated, arbitrage U.S. CLO market. The J.P. Morgan U.S. High Yield Index is designed to mirror the investable universe of the U.S. high yield corporate debt market. The J.P. Morgan U.S. Liquid Index is a fixed income index designed to provide a broad measure of the performance of the most liquid securities in the investment grade corporate bond market.
- 5 Includes all U.S. cash flow CLO tranches ever rated by Moody's as of year-end 2022. Impairment is defined as when investors receive—or expect to receive with near certainty—less value than would be expected if the obligor were not experiencing financial distress or otherwise prevented from making payments by a third party, even if the indenture or contractual agreement does not provide the investor with a natural remedy for such events, such as the right to press for bankruptcy. Source: Moody's Analytics (June 26, 2023).
- 6 U.S. corporate cumulative default rate represents the total number of defaulted U.S. corporate loans and bonds divided by the total number of U.S. corporate loans and bonds rated by Moody's for each respective ratings category from 1993–2017. Source: Moody's Analytics (November 6, 2018). The information provided represents the most current data available.
- 7 The Fund is available for purchase daily under the respective ticker (Class I: OCTIX, Class A: OCTAX) and does not require a subscription agreement or have investor qualification standards. Certain financial intermediaries may make the Fund available to their clients on a less frequent basis.
- 8 The Adviser has agreed to enter into an Expense Limitation and Reimbursement Agreement with the Fund through the 18-month anniversary of the Fund's inception of operations (the "Limitation Period") during which the Adviser has agreed to reimburse the Fund for up to 0.50% of Distribution and/or Shareholder Servicing Fees paid and/or accrued on Class A shares. The Adviser may at its discretion, agree to extend the Limitation Period for additional period(s) of one year on an annual basis. For three years following a reimbursement the Adviser may recoup amounts reimbursed to the Fund only if the recoupment would not cause the Fund's total annual fund operating expenses, excluding certain "excluded expenses," to exceed the expense ratio at the time the reimbursement was made. "Excluded expenses" are management fees, distribution and/or servicing fees, taxes, leverage interest, brokerage commissions, dividend and interest expenses on short sales, acquired fund fees and expenses (as determined in accordance with SEC Form N-2), expenses incurred in connection with any merger or reorganization, and extraordinary expenses, such as litigation expenses.
- 9 The Fund is actively managed and does not track any index.
- 10 BofA Global Research, "Global CLOs: A \$1.2 trillion unique asset class" (October 20, 2023). Current yield is the calculation of an investment's annual income divided by its current market price.
- 11 Paralel Distributors LLC is the principal underwriter and distributor of Class A shares and Class I shares and serves in that capacity on a best efforts basis, subject to various conditions. The Fund may be offered through intermediaries that have entered into selling agreements with the Distributor. Intermediaries typically receive the sales load with respect to Class A shares purchased by their clients. The Distributor does not retain any portion of the sales load. Class A shares are sold subject to a maximum sales load of up to 2.00% of the offering price. However, purchases of Class A shares in excess of \$100,000 may be eligible for a sales load discount. See the Fund's prospectus for more information. While neither the Fund nor the Distributor impose an initial sales charge on Class I shares, if an investor buys Class I shares through certain intermediaries, they may directly charge the investor transaction or other fees in such amount as they may determine. Investors should consult with their intermediary for additional information. Investors should consult with their intermediary about the sales load and any additional fees or charges their intermediary might impose on each class of shares.
- 12 The Fund imposes early withdrawal charges of up to 1.00% on shares accepted for repurchase that have been held by an investor for less than one year. Payment of the early withdrawal charge is made by netting the charge against the repurchase proceeds. The early withdrawal charge is retained by the Fund for the benefit of remaining shareholders. If a shareholder has made multiple purchases and tenders a portion of its shares, the early withdrawal charge is calculated on a first-in/first-out basis. See "Periodic Repurchase Offers" in the Fund's prospectus for additional information about share repurchases.
- 13 The Fund pays the Adviser an annual management fee, payable monthly in arrears, in an amount equal to 1.50% of the Fund's average daily Managed Assets. The Adviser pays to the Sub-Adviser a sub-advisory fee out of the management fee received by the Adviser.
- 14 The Fund may charge a distribution and/or shareholder servicing fee totaling up to 0.85% per year on Class A shares.
- 15 "Other Expenses" are estimated based on Fund average managed assets of \$125 million and anticipated expenses for the first year of the Fund's operations. "Other Expenses" include professional fees and other expenses, including, without limitation, SEC filing fees, printing fees, administration fees, transfer agency fees, custody fees, trustee fees, insurance costs and financing costs. The Adviser and the Sub-Adviser have agreed to (i) pay all organizational expenses of the Fund and (ii) pay or reimburse offering expenses of the Fund incurred through the date of effectiveness of this registration statement.

## Risk Considerations

Investing involves risk, including the possible loss of your entire investment. There is no guarantee the Fund's investment objective will be achieved. Investing in interval funds may be speculative, involve a high degree of risk, and provide limited liquidity. The Fund does not currently intend to list its shares for trading on any national securities exchange and does not expect any secondary trading market in the shares to develop. The shares are, therefore, not readily marketable. Even though the Fund will make quarterly repurchase offers to repurchase a portion of the shares to try to provide limited liquidity to shareholders, there is no guarantee that an investor will be able to sell all the shares the investor desires to sell in the repurchase offer. You should consider the shares to be illiquid. The Fund is new with limited operating history. The Fund invests at least 80% of its assets in CLO debt and CLO equity, which often involve risks that are different from or more acute than risks associated with other types of credit instruments. CLOs are a type of structured credit instrument. 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. The Fund invests primarily in below investment grade credit instruments, which are commonly referred to as "high yield" securities or "junk" bonds. The Fund's shares are not guaranteed or endorsed by any bank or other insured depository institution and are not federally insured by the Federal Deposit Insurance Corporation.

**Past performance does not guarantee future results. There is no assurance that the investment process will consistently lead to successful investing.**

**The investment objective of the Fund is to provide high income and total return. There can be no assurance that the Fund will achieve its investment objective, and you could lose some or all of your investment.**

**An investment in this Fund presents a number of risks and is not suitable for all investors. Investors should carefully review the prospectus and consider potential risks before investing.**

**These and other risk considerations are described in more detail in the Fund's prospectus and SAI, each of which can be found on the SEC's website at [www.sec.gov](http://www.sec.gov) or the Fund's web page at [xainvestments.com/OCTIX](http://xainvestments.com/OCTIX).**

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