

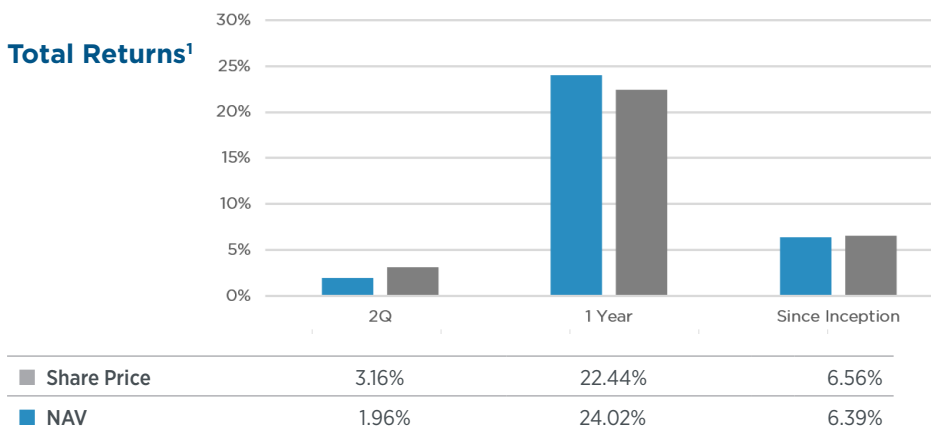
FACT SHEET | 2Q 2024

## Objective and Investment Strategy

The Trust's investment objective is to seek attractive total return with an emphasis on income generation across multiple stages of the credit cycle. The Trust's investment portfolio is comprised largely of floating-rate credit instruments and other structured credit investments. The Trust's assets are managed opportunistically primarily within private below investment grade credit markets including:

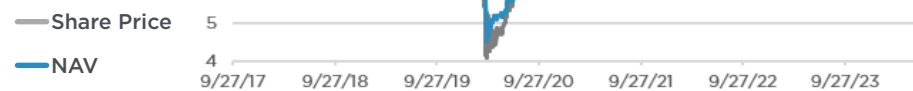
- Senior secured floating-rate loans;
- Structured credit (CLO debt and CLO equity);
- Opportunistic credit (long/short credit investments and stressed credits).

## Total Returns<sup>1</sup>



## Share Price and NAV History<sup>2</sup>

Since inception (9/27/17-06/30/24)



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.

All data is as of 06/30/2024 unless otherwise noted

\* With effect from February 1, 2024, the name of the Trust was changed from XAI Octagon Floating Rate & Alternative Income Term Trust.

1 Represents total return for the period. The returns are net of fees and expenses applicable to the Trust.

2 "Share Price" means the closing price on the NYSE of the shares of the Trust on NYSE trading days. "NAV" means the net asset value of the Trust as of the end of each such day. "Average Premium" means the amount by which the Share Price exceeds the NAV on average over the period.

3 Independent third-party pricing services determine the Trust's NAV. The Trust's management team does not provide or calculate prices for portfolio holdings. In events that could cause a portfolio security's price to be deemed unavailable or unreliable, the Trust's Valuation Committee may determine the security's value in accordance with guidelines adopted by the Trust's Board of Trustees.

4 Regulatory leverage consists of preferred shares or debt issued by the Trust. Both of these are part of a trust's capital structure. Regulatory leverage is sometimes referred to as 40 Act leverage and is subject to asset coverage limits set in the Investment Company Act of 1940. Leverage includes both Regulatory leverage and the leverage effects of certain derivative investments in the Trust's portfolio that increase the Trust's investment exposure.

5 Effective leverage measures the extent to which the return and risk of an investment in a trust's shares is magnified through the use of certain forms of leverage.

6 Average cost of leverage represents the annualized interest expense on payments made to the Trust's outstanding borrowings and preferred share dividends calculated fiscal year to date.

7 Distribution rates represent the latest declared regular distribution, annualized, relative to the market price and NAV as of quarter end. Distribution rates are not performance and are calculated by summing the quarterly distributions per share over four quarters and dividing by the NAV or market price, as applicable, as of the latest quarter 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 income and 0% 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.

8 The Trust expects that distributions paid will consist primarily of (i) investment company taxable income, which includes ordinary income and the excess, if any, of net short-term capital gain over net long-term capital loss, and (ii) net capital gain (which is the excess of net long-term capital gain over net short-term capital loss). To permit the Trust to maintain more stable monthly distributions, the Trust may distribute more or less than the amount of the net investment income earned in a particular period. There is no assurance the Trust will continue to pay regular monthly distributions or that it will do so at a particular rate. Distributions may be paid by the Trust from any permitted source and, from time to time, all or a portion of a distribution may be a return of capital. The Trust estimates that the most recent distribution declared during the period consisted of 100% investment income, 0% realized short term capital gains and 0% return of capital as of 12/31/2023. This information is not for tax reporting purposes. Common shareholders in the Trust should refer to their Form 1099-DIV for the tax treatment of such distribution.



## TRUST BASICS

**CUSIP** 98400T106

**Price ticker symbol** XFLT

**NAV ticker symbol** XFLT

**Inception date** September 26, 2017

**Preferred ticker symbol** XFLTPRA

**Preferred CUSIP** 9840T2050

**Valuation frequency** Daily

**Valuation method** Independent third-party<sup>3</sup>

## CAPITAL STRUCTURE

### Total managed assets

Approximately \$696 million

### Common shares outstanding

61,923,358 shares

### Average daily volume (QTD)

423,117 shares

### Total regulatory leverage percent<sup>4</sup>

39.34%

### Effective leverage percent<sup>5</sup>

39.34%

### Average cost of leverage<sup>6</sup>

6.81%

## KEY INFORMATION REGARDING DISTRIBUTIONS<sup>7,8</sup>

**Current Distribution (Monthly)** \$0.085

**Distribution Rate on NAV** 14.96%

**Distribution Rate on Market Price** 14.47%

## TOTAL DISTRIBUTIONS PAID PER SHARE

**YTD** \$0.510

**Inception to Date** \$5.858

## Portfolio Management

Octagon Credit Investors, LLC, is a leading below-investment grade credit investor with \$33.8 billion of assets under management (as of 06/30/24). Octagon is the investment sub-adviser to the Trust and has a 29 year track record managing institutional client credit portfolios. The investment team is a cohesive, experienced and deep bench of 38 professionals, highlighted by a senior investment committee with members who have worked together for 20 years (on average) across multiple credit cycles. Over the past two decades, senior team members have been active participants in the CLO market and have built a substantial network enabling efficient industry navigation and an ability to properly evaluate and invest in CLOs. In this time Octagon has also developed a repeatable and scalable credit selection and investment process driven by an investment philosophy centered around relative value. It is this philosophy that informs the team's active management style and is the basis for Octagon's rigorous fundamental credit analysis, a strict awareness of target risk profiles and ongoing portfolio optimization.

All data is as of 06/30/2024 unless otherwise noted.

**Risk Considerations** Investing in closed-end funds involves risk, including the possible loss of your entire investment. There is no guarantee the Trust's investment objective will be achieved. Closed-end fund shares may frequently trade at a discount or premium to 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. The Trust invests primarily in below investment grade credit instruments, which are commonly referred to as "high yield" securities or "junk" bonds. Senior loans may not be fully secured by collateral, generally do not trade on exchanges, and are typically issued by unrated or below-investment grade companies, and therefore are subject to greater liquidity and credit risk. Lower credit debt securities may be more likely to fail to make timely interest or principal payments. The Trust invests a significant portion of its assets in CLO debt and subordinated notes (commonly referred to as 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. Leverage increases return volatility and magnifies the Trust's potential return and its risks; there is no guarantee a trust's leverage strategy will be successful. The Trust'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. **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.** An investment in this Trust presents a number of risks and is not suitable for all investors. Investors should carefully review and consider potential risks before investing. These and other risk considerations are described in more detail in the Trust's annual shareholder report, prospectus and SAI, each of which can be found in the SEC's website at [www.sec.gov](http://www.sec.gov) or the Trust's web page at [www.xainvestments.com](http://www.xainvestments.com).



## Asset Allocation

Senior Secured First Lien	44.25%
CLO Equity	35.64%
CLO Debt	13.48%
High Yield	2.43%
Secured Second Lien	0.88%
Common Stock	0.10%
Cash & Equivalents	3.22%

Total may not add up to 100% due to rounding. Holdings may vary and are subject to change without notice.

## Trust Characteristics

Number of Holdings	554
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## Top 5 Holdings

Holding	Percent of Portfolio
Apidos CLO XLVIII Ltd.	1.14%
OHA Credit Partners XII Ltd.	1.14%
RR 25 Ltd.	1.11%
Elmwood CLO 14 Ltd.	1.01%
CARLYLE US CLO 2019-4 Ltd.	0.88%

Holdings may vary and are subject to change without notice. Top 5 holdings are all CLO equity.

## Annual Expense Ratio

Annual Expenses	As a percentage of net assets attributable to common shares <sup>1</sup>	As a percentage of managed assets
Management fees	2.80%	1.70%
Leverage expense <sup>2</sup>	4.59%	2.78%
Other expenses		
Investor support and secondary market support services fee	0.33%	0.20%
Other	0.61%	0.37%
Total annual expense	8.33%	5.05%

Expenses shown in the table are based on actual expenses of the Trust for the nine months ended 06/30/24, and the Trust's average managed assets and average net assets for the nine months ended 06/30/24. Common shareholders bear the expenses of the Trust, including the management fee, which is calculated on the basis of the Trust's managed assets, including proceeds from leverage, and the cost of leverage, as shown in the column "As a Percentage of Net Assets Attributable to Common Shares" above. As of 06/30/2024, the Trust had outstanding leverage equal to 39.34% of the Trust's managed assets. See the Trust's Annual Report for full information on expenses.

- 1 Common shareholders will pay the expenses set forth in this column.
- 2 Represents both interest expense on borrowed funds and preferred dividends.