Prospectus

September 30, 2020

City National Rochdale Strategic Credit Fund

City National Rochdale Strategic Credit Fund (the "Fund") is a continuously offered, non-diversified, closed-end management investment company that is operated as an interval fund.

Investment Objectives. The Fund's primary objective is to generate current income; its secondary objective is long-term capital appreciation. There can be no assurance that the Fund will achieve its investment objectives.

Principal Investment Strategies. The Fund pursues its investment objectives by investing, under normal circumstances, at least 80% of its net assets (plus the amount of any borrowings for investment purposes) in debt securities and other credit-related investments. For purposes of the Fund's 80% policy, "credit-related investments" include equity tranches of collateralized loan obligations ("CLOs"), equity interests in CLO warehouses, funds that invest primarily in debt securities, and derivatives that have similar economic characteristics to debt securities. The Fund normally focuses on investments in equity and mezzanine tranches of CLOs. The Fund also may invest in other types of debt securities and credit-related investments, including, without limitation, more senior debt tranches of CLOs, mortgage-backed and other asset-backed securities, other forms of structured credit, high yield and investment grade bonds, notes and debentures of U.S. and non-U.S. issuers, securities issued or guaranteed by the U.S. Government, its agencies, instrumentalities or sponsored entities, senior secured or second lien or other subordinated or unsecured floating rate and fixed rate loans or debt, and other fixed, floating, or variable interest rate securities. CLOs typically purchase a diverse pool of loans made to businesses that are generally rated below investment grade. Each CLO tranche has a different priority of claim on cash-flow distributions and exposure to risk of loss from the underlying collateral pool. The mezzanine tranche of a CLO is subinvestment grade and the most junior of the debt tranches of the CLO, and the equity tranche of a CLO is unrated and subordinated to all of the debt trenches of the CLO, representing the first loss position in the CLO. Consequently, CLO equity and mezzanine tranches are considered speculative with respect to timely payment of distributions or investment and reinvestment or repayment of principal and entail generally higher risk than other, more senior tranches of the CLO.

The Fund may invest in debt securities and credit-related investments of any maturity and credit quality. The Fund also may invest up to 20% of its net assets in equity securities of companies of any market capitalization throughout the world. To the extent consistent with the repurchase liquidity requirement for an interval fund under Rule 23c-3 of the Investment Company Act of 1940, as amended, the Fund may invest without limit in illiquid securities.

Investment Adviser. City National Rochdale, LLC ("City National Rochdale" or the "Adviser") is the Fund's investment adviser. The Adviser is a registered investment adviser that specializes in investment management for high-net-worth individuals, families and foundations. The Adviser had approximately $45.1 billion in assets under management as of July 31, 2020, and is a wholly-owned subsidiary of City National Bank ("CNB"), a federally chartered commercial bank founded in the early 1950s, which has provided trust and fiduciary services, including investment management services, to individuals and businesses for over 50 years. CNB currently provides investment management services to individuals, pension and profit sharing plans, endowments and foundations. As of July 31, 2020, CNB and its affiliates had approximately $81.3 billion in assets under administration, which includes approximately $58.6 billion in assets under management. CNB is a wholly-owned indirect subsidiary of RBC USA Holdco Corporation, which is a wholly-owned indirect subsidiary of Royal Bank of Canada.

The Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

Sub-Adviser. The Adviser has engaged CIFC Investment Management LLC ("CIFC" or the "Sub-Adviser") as the Fund's sub-adviser. The Sub-Adviser is a registered investment adviser specializing in secured U.S. corporate loan strategies with approximately $28 billion of assets under management as of August 31, 2020.

Interval Fund. The Fund is operated as an interval fund. Pursuant to the Fund's interval fund structure, the Fund conducts quarterly repurchase offers of no less than 5% and no more than 25% of the Fund's outstanding shares at net asset value ("NAV"). Currently, the Fund expects to offer to repurchase 5% of the Fund's outstanding shares at NAV each quarter, subject to approval by the Fund's Board of Trustees (the "Board"). Even though the Fund makes quarterly repurchase offers for a portion of its shares, investors should consider the Fund's shares illiquid. Repurchase offers in excess of 5% are made solely at the discretion of the Board and investors should not rely on any expectation of repurchase offers in excess of 5%. It is possible that a repurchase offer may be oversubscribed, with the result that shareholders may only be able to have a portion of their shares repurchased. **There is no assurance that every investor will be able to tender their respective shares when or in the amount that the investor desires.**

The Fund's shares are sold at a price equal to their NAV per share and are not subject to any sales charge as of the date of this Prospectus. See "Summary of Fund Expenses" and "Purchase of Shares."

The Fund's shares are not listed on any securities exchange and the Fund does not currently intend to list its shares for trading on any securities exchange. There is not expected to be any secondary market for the Fund's shares. The shares are, therefore, not readily marketable. Even if such a market were to develop, shares of closed-end funds frequently trade at prices lower than their NAV.

Even though the Fund makes periodic repurchase offers to repurchase a portion of its shares to provide some liquidity to shareholders, investors should consider the shares to be an illiquid investment. An investment in the Fund is suitable only for long-term investors who can bear the risks associated with the limited liquidity of the shares and is not suitable for investors who need certainty about their ability to access money invested in the short-term.

Investors should carefully consider the Fund's investment objectives, investment strategies and related risks, as an investment in the Fund may not be appropriate for all investors and is not designed to be a complete investment program. An investment in the Fund involves a high degree of risk, including the risk of a substantial loss of investment.

It is possible that investing in the Fund may result in a loss of some or all of the amount invested. Before making an investment/allocation decision, an investor should (i) consider the suitability of this investment with respect to the investor's investment objectives and particular situation and (ii) consider factors such as the investor's net worth, income, age and risk tolerance. An investor with a short-term investing horizon and/or who cannot bear the loss of some or all of the investment made should not invest in the Fund.

Before investing in the Fund, each investor should read the discussion of the material risks of investing in the Fund under "Risk Factors" beginning on page 29 of this Prospectus.

Neither the Securities and Exchange Commission ("SEC") nor any state securities commission has approved or disapproved of these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Only certain investors are eligible to purchase shares of the Fund. See "Purchase of Shares."

Beginning on January 1, 2021, as permitted by regulations adopted by the SEC, paper copies of the Fund's shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports from the Fund (if you hold your shares directly with the Fund), or from your financial intermediary, such as a broker-dealer or bank (if you hold your shares through a financial intermediary). Instead, the reports will be made available on the Fund's website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. If you hold your shares directly with the Fund, you may elect to receive shareholder reports and other communications from the Fund electronically by contacting the Fund at (888) 889-0799 or, if you hold your shares through a financial intermediary, by contacting your financial intermediary.

You may elect to receive all future reports in paper free of charge. If you hold your shares directly with the Fund, you can inform the Fund that you wish to continue receiving paper copies of your shareholder reports by contacting the Fund at (888) 889-0799 or, if you hold your shares through a financial intermediary, by contacting your financial intermediary.

THE FUND'S SHARES DO NOT REPRESENT A DEPOSIT OR OBLIGATION OF, AND ARE NOT GUARANTEED OR ENDORSED BY, ANY BANK OR OTHER INSURED DEPOSITORY INSTITUTION AND ARE NOT FEDERALLY INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY.

This Prospectus sets forth concisely information you should know before investing in the Fund. You should read this Prospectus carefully before deciding to invest in the Fund and retain it for future reference. A Statement of Additional Information ("SAI"), dated September 30, 2020, containing additional information about the Fund has been filed with the SEC and is incorporated by reference in its entirety into this Prospectus. A Table of Contents for the SAI is set forth on page 59 of this Prospectus. This Prospectus incorporates by reference the entire SAI. A copy of the SAI, annual and semi-annual reports to shareholders and other information about the Fund can be obtained without charge by writing to the Fund at City National Rochdale Strategic Credit Fund, 400 Park Avenue, New York, New York 10022, by calling 1-888-889-0799, or by visiting the Fund's website at www.citynationalrochdalefunds.com. The SAI, as well as material incorporated by reference into the Fund's registration statement and other information regarding the Fund, are available at the SEC's public reference room in Washington, DC (call 1-202-942-8090 for information on the operation of the reference room), from the EDGAR database on the SEC's internet site (www.sec.gov), upon payment of copying fees by writing to the SEC's public reference room, Washington, DC 20549, or by electronic mail at publicinfo@sec.gov.

An investor should not construe the contents of this Prospectus as legal, tax or financial advice. You should consult your own professional advisors as to legal, tax, financial or other matters relevant to the suitability of an investment in the Fund.

You should rely only on the information contained this Prospectus and the SAI. The Fund has not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Fund is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the front of this Prospectus. The Fund's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus. Subsequent to the date of this Prospectus, the Fund will amend this Prospectus or otherwise provide investors with updated information if, during the period this Prospectus is required to be delivered, any material information herein becomes materially inaccurate.

TABLE OF CONTENTS

	PAGE
PROSPECTUS SUMMARY	**4**
SUMMARY OF FUND EXPENSES	**20**
FINANCIAL HIGHLIGHTS	**21**
THE FUND	**22**
USE OF PROCEEDS	**22**
INVESTMENT OBJECTIVES AND PRINCIPAL INVESTMENT STRATEGIES	**22**
RISK FACTORS	**29**
MANAGEMENT OF THE FUND	**43**
DIVIDENDS AND DISTRIBUTIONS	**45**
PURCHASE OF SHARES	**46**
PERIODIC REPURCHASE OFFERS	**47**
FEDERAL INCOME TAX MATTERS	**48**
NET ASSET VALUE	**55**
DESCRIPTION OF SHARES	**56**
CERTAIN PROVISIONS OF THE AGREEMENT AND DECLARATION OF TRUST AND BY-LAWS	**57**
ADMINISTRATOR, FUND ACCOUNTING AGENT, DISTRIBUTOR, CUSTODIAN AND TRANSFER AGENT	**58**
TABLE OF CONTENTS FOR THE STATEMENT OF ADDITIONAL INFORMATION	**59**
PRIVACY PRINCIPLES	**63**

PROSPECTUS SUMMARY

This is only a summary. This summary does not contain all of the information that you should consider before investing in the Fund's shares, especially the information set forth under the heading "Risk Factors." You should review the more detailed information contained in this Prospectus and in the Statement of Additional Information ("SAI").

The Fund

City National Rochdale Strategic Credit Fund (the "Fund") is a continuously offered, non-diversified, closed-end management investment company. The Fund is operated as an interval fund that offers to make quarterly repurchases of shares at net asset value ("NAV"). The Fund was organized as a Delaware statutory trust on February 26, 2018.

City National Rochdale, LLC ("City National Rochdale" or the "Adviser") is the Fund's investment adviser. The Adviser has engaged CIFC Investment Management LLC ("CIFC" or the "Sub-Adviser") as the Fund's sub-adviser.

The Offering

The Fund generally accepts orders to purchase shares on a continuous basis at NAV per share during the last week of each month. However, the Fund's ability to accept orders to purchase shares may be limited, including during periods when, in the judgment of the Adviser, appropriate investments for the Fund are not available. The Fund reserves the right to suspend subsequent offerings or to accept purchases on a basis more or less frequent basis or other than during the last week of a particular month. Shares of the Fund are offered at NAV per share.

All initial investments in the Fund are subject to a $1,000,000 minimum per registered investment adviser or other financial intermediary. Registered investment advisers and other financial intermediaries may impose different or additional minimum investment and eligibility requirements from those of the Fund. Please contact your registered investment adviser or financial intermediary for more information. The Adviser may waive these minimum investment requirements. All investments in the Fund are subject to the approval of the Fund and the Fund reserves the right to reject a purchase order for any reason.

The shares are not listed on any securities exchange and the Fund does not expect there to be any secondary market for the Fund's shares. Shareholders do not have the right to redeem their shares. However, as described below, in order to provide some liquidity to shareholders, the Fund conducts periodic repurchase offers for a portion of its outstanding shares.

Interval Fund; Periodic Repurchase Offers

As an interval fund, the Fund makes periodic offers to repurchase between 5% and 25% of its outstanding shares at NAV per share. The Fund has adopted a fundamental policy, which cannot be changed without shareholder approval, to make repurchase offers every three months. Quarterly repurchase offers are made in the months of February, May, August and November.

Subject to applicable law and the approval of the Fund's Board of Trustees (the "Board"), the Fund seeks to conduct such quarterly repurchase offers typically for 5% of the Fund's outstanding shares at NAV. There is no guarantee that you will be able to sell your shares in an amount or at the time you desire.

From the time the Fund distributes or publishes each repurchase offer notification until the repurchase pricing date for that offer, the Fund must maintain liquid assets, including debt securities, cash, cash equivalents and other short-term holdings, or access to a bank line of credit, in amounts at least equal to the percentage of its shares subject to the repurchase offer. Proceeds from the repurchase of shares are paid in cash (in U.S. dollars).

The procedures that apply to the Fund's repurchase offers are described in "Periodic Repurchase Offers" in this Prospectus.

Investment Objectives and Principal Investment Strategies

Investment objectives

The Fund's primary objective is to generate current income; its secondary objective is long-term capital appreciation. There can be no assurance that the Fund will achieve its investment objectives.

Principal investment strategies

The Fund pursues its investment objectives by investing, under normal circumstances, at least 80% of its net assets (plus the amount of any borrowings for investment purposes) in debt securities and other credit-related investments. For purposes of the Fund's 80% policy, "credit-related investments" include equity tranches of collateralized loan obligations ("CLOs"), equity interests in CLO warehouses, funds that invest primarily in debt securities, and derivatives that have similar economic characteristics to debt securities. The Fund normally focuses on investments in equity and mezzanine tranches of CLOs. Investments in equity tranches of CLOs are considered to be credit-related investments and count towards compliance with the Fund's 80% policy. The Fund also may invest in other types of debt securities and credit-related investments, including, without limitation, more senior debt tranches of CLOs, mortgage-backed and other asset-backed securities, other forms of structured credit, high yield and investment grade bonds, notes and debentures of U.S. and non-U.S. issuers, securities issued or guaranteed by the U.S. Government, its agencies, instrumentalities or sponsored entities, senior secured or second lien or other subordinated or unsecured floating rate and fixed rate loans or debt, and other fixed, floating, or variable interest rate securities.

The Fund may invest in debt securities and credit-related investments of any maturity and credit quality, including securities rated below investment grade (such as high yield bonds) and unrated securities. Investment grade securities are those rated in the Baa3 or higher categories by Moody's Investors Service, Inc. ("Moody's"), or in the BBB- or higher categories by Standard & Poor's, a division of McGraw Hill Companies Inc. ("S&P"), or Fitch Ratings Ltd. ("Fitch") or, if unrated by S&P, Moody's, Fitch or another Nationally Recognized Statistical Rating Organization ("NRSRO"), determined by the Sub-Adviser to be of comparable credit quality. High yield bonds, commonly referred to as "junk bonds," have predominately speculative characteristics with respect to the issuer's capacity to pay interest and repay principal and may be difficult to value and illiquid. The Fund may invest in securities and other instruments for which the issuer is not current in its payment obligations, including securities of stressed, distressed and bankrupt issuers and debt obligations that are in default.

The Fund also may invest up to 20% of its net assets in equity securities of companies of any market capitalization throughout the world.

The Fund may invest in both U.S. dollar denominated and non-U.S. dollar denominated loans and securities, as well as securities of foreign issuers.

In addition to the above, the Fund may invest in a broad range of other types of debt securities, including certificates of deposit, money market securities, funds that invest primarily in debt securities, and cash, cash equivalents and other short term holdings and may enter into repurchase agreements and reverse repurchase agreements.

To the extent consistent with the repurchase liquidity requirement for an interval fund under Rule 23c-3 of the Investment Company Act of 1940, as amended (the "1940 Act"), the Fund may invest without limit in illiquid securities.

Principal portfolio composition

Under normal circumstances, the Fund invests at least 80% of its net assets (plus the amount of any borrowings for investment purposes) in debt securities and other credit-related investments. For purposes of the Fund's 80% policy, "credit-related investments" include equity tranches of CLOs, equity interests in CLO warehouses, funds that invest primarily in debt securities, and derivatives that have similar economic characteristics to debt securities. The Fund currently focuses on investments in equity and mezzanine tranches of CLOs. The Fund may also invest in a broad range of other debt securities and credit-related investments.

Debt securities

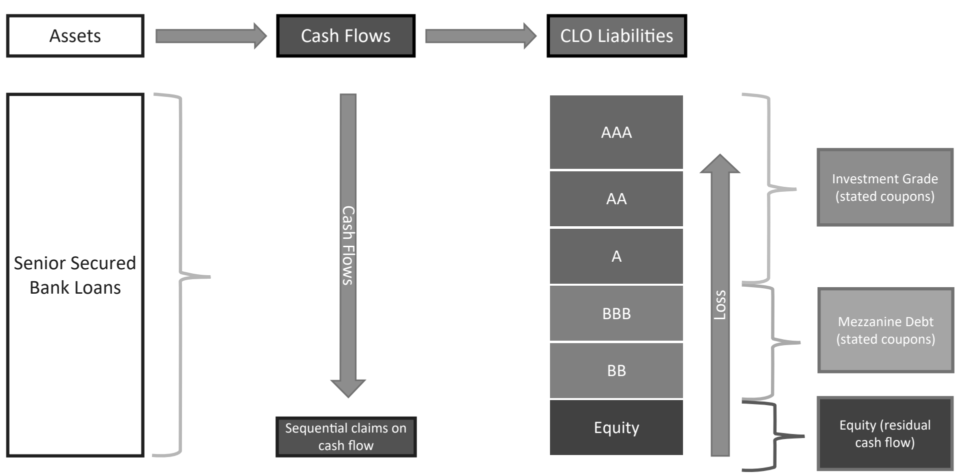
The Fund invests in debt securities, including debt securities that are rated below investment grade or are unrated. Debt securities represent obligations of corporations, governments and other entities to repay money borrowed, usually at the maturity of the security. These securities may pay fixed, variable or floating rates of interest. However, some fixed income securities, such as zero coupon bonds, do not pay current interest but are issued at a discount from their face values. Other debt instruments, such as certain mortgage-backed and other asset-backed securities, make periodic payments of interest and/or principal. Some debt instruments are partially or fully secured by collateral supporting the payment of interest and principal. Debt securities of corporate and governmental issuers in which the Fund may invest are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk) and also may be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk).

Collateralized loan obligations

A CLO is typically collateralized by a pool of loans which may include, among other things, domestic and foreign senior secured loans, senior secured corporate bonds, senior unsecured loans and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans. While the vast majority of the portfolio of most CLOs consists of senior secured loans, many CLOs enable the CLO collateral manager to invest up to approximately 10% of the portfolio in assets that are not first lien senior secured loans, including second lien loans, unsecured loans, debtor-in-possession (DIP) loans and fixed rate loans. As illustrated in the diagram below, the cash flows from the trust are split into two or more portions, called tranches, with different priority claims, which represent different risk/return profiles. CLO debt tranches typically are rated "AAA" (or its equivalent) at the most senior level down to "BB" or "B" (or their equivalent), which is below investment grade, by Moody's, S&P and/or Fitch. Holders of interests in the senior tranches are entitled to the lowest interest rate payments but those interests generally represent safer investments than more junior tranches because senior tranches are paid from the cash flows from the underlying assets before the more junior tranches. Since they are partially protected from defaults, the senior CLO debt tranches typically have higher ratings and lower potential yields than the underlying securities, and can be rated investment grade. Despite the protection from the more junior and equity tranches, more senior CLO debt tranches can experience substantial losses due to actual defaults, increased sensitivity to defaults due to collateral default and disappearance of protecting tranches, market anticipation of defaults and aversion to CLO securities as a class.

Sub-investment grade rated debt tranches of CLOs (CLO mezzanine tranches) are the most junior of the debt tranches. The equity tranches of CLOs are unrated and subordinated to the debt tranches in the CLO capital structure. The equity tranche receives excess cash flow after the payment of interest on the more senior tranches, and other excess cash flow after the more senior tranches, are repaid, at the bottom of the payment waterfall. Economically, the equity tranche of a CLO benefits from the difference between the interest received from the senior secured loans and the interest paid to the holders of debt tranches of the CLO structure. A CLO's equity tranche, while entitled to be paid the highest interest rate payments, is the riskiest portion of the CLO, representing the first loss position in the CLO (i.e., losses are first borne by the equity tranche, next by the junior tranches and finally by the senior tranches) and bearing the bulk of defaults from the bonds or loans in the trust. As a practical matter, the equity tranche covers a particular percent of the collateral's principal and absorbs the first default losses accounting for such percent of the total pool of loans. For instance, if the equity tranche of a CLO covers 10% of the collateral's principal, should a default or decrease in expected payments to the CLO occur, that deficiency typically will first affect the equity tranche in that holders of that position generally will be the first to have their payments decreased by the deficiency and would bear all of up to 10% of the collateral's losses. Next in line to absorb losses is the mezzanine tranche of the CLO. If the second tranche (the mezzanine tranche) of the CLO covers the next 20% of collateral principal, it is protected by the equity tranche against 10% of losses and absorbs the next 20% of default losses on the portfolio of loans. If the next more senior tranche covers the next 60% of collateral principal, it is protected by equity and the mezzanine tranches against 30% (10% + 20%) of losses and absorbs the next 60% default losses on the portfolio of loans, and so on. Consequently, CLO equity and mezzanine tranches entail generally higher risk (albeit different risks because the mezzanine tranches are structurally superior to the equity tranche), with the potential for higher returns, than other tranches of CLO debt that are more senior. The percentages included in the above example are merely illustrative, but do generally fall in the typical ranges for the CLOs in which the Fund expects to invest. The percent covered by each tranche may differ from CLO to CLO and from issuance to issuance and, therefore, the percentages included in the above example may differ in and among the CLOs in which the Fund actually invests.

Below investment grade securities are commonly referred to as "junk bonds" and involve substantial risk of loss. CLO equity and mezzanine tranches are considered speculative with respect to timely payment of distributions or investment and reinvestment or repayment of principal.



Each tranche within a CLO normally has voting rights on any amendments that would have a material effect on such tranche. Neither the debt tranches nor equity tranche of CLOs have voting rights on the management of the underlying loan portfolio. The holders of the equity tranches of CLOs typically have the right to approve and/or replace the CLO collateral manager after such CLO manager has triggered a default. CLO equity tranche holders typically have the ability to call or refinance the debt tranches following a non-call period. Debt tranches of CLOs do not have the right to call the other CLO security tranches. Debt tranches of CLOs typically have a stated coupon. Equity tranches of CLOs do not have a stated coupon.

Depending on the Sub-Adviser's assessment of market conditions, the Fund's focus may vary from time to time between CLO equity and debt tranches. In the market environment existing as of the date of this Prospectus, the Sub-Adviser expects investment opportunities in CLO equity to present more attractive risk-adjusted returns and higher risk levels than CLO debt, although the Sub-Adviser expects to make investments in CLO debt and related investments, in certain cases, to complement the CLO equity investments that the Fund makes.

CLO securities are subject to a number of risks as discussed elsewhere in more detail beginning on page 29 of this Prospectus under "Risk Factors." Among the Fund's primary targeted investments, the risks associated with CLO mezzanine tranches and CLO equity tranches are generally greater than those associated with more senior tranches of CLO debt.

Senior Secured Obligations

It is currently expected that the underlying investments held by CLOs in which the Fund invests will primarily be senior secured loans and senior secured corporate bonds ("Senior Secured Obligations" or "SSOs"). These SSOs are senior secured loans made by banks or other institutions to leveraged, non-investment grade firms (or, in the case of European CLOs, senior secured bonds issued by non-investment grade firms), in each case, to finance mergers and acquisitions, recapitalizations, capital expenditures and general corporate purposes. These loans (or bonds) are syndicated, or sold, to institutional investors.

Typically, SSOs will be floating rate in nature (usually London Interbank Offered Rate ("LIBOR") based) and will benefit from collateral protection, as well as, in some cases, financial maintenance covenants. Financial maintenance covenants are intended to warn investors of weakening performance and, when breached, may permit lenders to re-price the obligation or take further action to protect their interests, a benefit generally unavailable to holders of high yield bonds (which instead are protected by incurrence covenants).

SSOs are secured and typically hold the senior most position in the capital structure.

Because SSOs often are secured by a lien (which may be a first priority lien or a second priority lien) on substantially all of the assets of the borrower and other relevant obligors and/or guarantors, including receivables, inventory and property, plant and equipment, they must be repaid, to the extent the relevant obligor is otherwise unable to do so, from the proceeds of such assets before unsecured debt obligations (i.e., before the holders of most high yield bonds and equity).

Warehouse Investments

Prior to a CLO closing and issuing CLO securities to CLO investors, in anticipation of such CLO closing, a vehicle (often the future CLO issuer) will purchase and "warehouse" a portion of the underlying loans (and, in the case of European CLOs, bonds) that will be held by such CLO (the "Warehouse"). To finance the accumulation of these assets, a financing facility (a "Warehouse Facility") is opened, equitized either by the entity or affiliates of the entity that will become the collateral manager of the CLO upon its closing and/or by third-party investors that may or may not invest in the CLO. The period from the date such Warehouse is opened and asset accumulation begins to the date the CLO closes is referred to as the "warehousing period." The Fund may participate in SSOs during warehousing periods by providing equity capital in support of Warehouses. In practice, a Warehouse Investment may be structured in a variety of legal forms (typically determined by the bank engaged to underwrite the associated CLO which will also typically be the provider of senior financing to the Warehouse), including by subscribing for equity interests or a subordinated debt investment in a special purpose vehicle that obtains a Warehouse Facility secured by the assets (primarily SSOs) that are accumulated in anticipation of the related CLO.

Risk Retention Vehicles

The Fund may invest in CLO debt and equity tranches and Warehouse Investments directly or indirectly through an investment in U.S. and/or European vehicles ("Risk Retention Vehicles") established for the purpose of satisfying U.S. and/or E.U. regulations that require eligible risk retainers to purchase and retain specified amounts of the credit risk associated with certain CLOs, which vehicles themselves are invested in CLO securities, Warehouse Investments, and/or Senior Secured Obligations. Risk Retention Vehicles will be structured to satisfy the retention requirements by purchasing and retaining the percentage of CLO notes prescribed under the applicable retention requirements (the "Retention Notes") and will include Risk Retention Vehicles with respect to CLOs managed by other collateral managers, but will not include Risk Retention Vehicles with respect to CLOs for which the Sub-Adviser acts as collateral manager.

Indirect investments in CLO equity securities (and in some instances more senior CLO securities) and Warehouse Investments through entities that have been established to satisfy the U.S. retention requirements and/or the European retention requirements may allow for better economics for the Fund (including through fee rebate arrangements) by creating stronger negotiating positions with CLO managers and underwriting banks who are incentivized to issue CLOs and who require the participation of a Risk Retention Vehicle to enable the CLO securities to be issued. However, Retention Notes differ from other securities of the same ranking since the retention requirements prescribe that such Retention Notes must be held by the relevant risk retainer for a specified period. In the case of European Risk Retention Vehicles, the prescribed holding period is the lifetime of the CLO, and in the case of U.S. Risk Retention Vehicles it is the longer of (x) the period until the CLO has paid down its securities to 33% of their original principal amount, (y) the period until the CLO has sold down its assets to 33% of their original principal amount and (z) two years after the closing of the CLO. In addition, Retention Notes are subject to other restrictions not imposed on other securities of the same ranking; for example, Retention Notes may not be subject to credit risk mitigation, and breach of the retention requirements may result in the imposition of regulatory sanctions or, in the case of the European retention requirements, in claims being brought against the retaining party.

Structured credit

The Fund may invest in various types of structured instruments, including securities that have demand, tender or put features, or interest rate reset features. These may include instruments issued by structured investment or special purpose vehicles or conduits, and may be asset-backed or mortgage-backed securities. Structured instruments may take the form of participation interests or receipts in underlying securities or other assets, and in some cases are backed by a financial institution serving as a liquidity provider. The interest rate or principal amount payable at maturity on a structured instrument may vary based on changes in one or more specified reference factors, such as currencies, interest rates, commodities, indices or other financial indicators. Changes in the underlying reference factors may result in disproportionate changes in amounts payable under a structured instrument. Some of these instruments may have an interest rate swap feature which substitutes a floating or variable interest rate for the fixed interest rate on an underlying security. Structured instruments are a type of derivative instrument and the payment and credit qualities of these instruments derive from the assets embedded in the structure. For structured securities that have embedded leverage features, small changes in interest or prepayment rates may cause large and sudden price movements. Structured instruments are often subject to heightened liquidity risk.

Loans

The Fund may invest in loans to finance highly leveraged borrowers which may make such loans especially vulnerable to adverse changes in economic or market conditions. Loans in which the Fund may invest may be either collateralized or uncollateralized and senior or subordinate. Investments in uncollateralized and/or subordinate loans entail a greater risk of nonpayment than do investments in loans that hold a more senior position in the borrower's capital structure and/or are secured with collateral. In addition, loans are generally subject to liquidity risk.

Floating rate loans

Floating rate loans are provided by banks and other financial institutions to large corporate customers. These loans are normally rated below investment grade, but typically are secured with specific collateral and have a senior position in the capital structure of the borrower. These loans typically have rates of interest that are reset periodically by reference to a base lending rate, such as LIBOR, plus a premium.

Floating rate investments

Floating rate investments are securities and other instruments with interest rates that adjust or "float" periodically based on a specified interest rate or other reference and include repurchase agreements, money market securities and shares of money market and short-term bond funds. For purposes of the Fund's investment policies, the Fund considers as floating rate instruments adjustable rate securities, fixed rate securities with durations of less than or equal to one year and funds that invest primarily in floating rate instruments.

Below investment grade debt securities

The Fund may invest in debt securities rated below investment grade or, if unrated, of equivalent quality as determined by the Sub-Adviser. Below investment grade securities, which are commonly referred to as "junk" bonds, have high risk, speculative characteristics. A debt security is below investment grade if it is rated Ba/BB or lower or the equivalent rating by at least one NRSRO or determined to be of equivalent credit quality by the Sub-Adviser. Below investment grade debt securities involve greater risk of loss, are subject to greater price volatility and are less liquid, especially during periods of economic uncertainty or change, than higher quality debt securities. Below investment grade securities also may be more difficult to value.

For purposes of the Fund's credit quality policies, if a security receives different ratings from two or more NRSROs, the Fund will use the rating chosen by the Portfolio Managers (as defined below) as most representative of the security's credit quality. The ratings of NRSROs represent their opinions as to the quality of the securities that they undertake to rate and may not accurately describe the risks of the securities. An NRSRO may have a conflict of interest with respect to a security for which it assigns a quality rating. In addition, there may be a delay between a change in the credit quality of a security or other asset and a change in the quality rating assigned to the security or other asset by an NRSRO. If an NRSRO changes the quality rating assigned to one or more of the Fund's portfolio securities, the Sub-Adviser will consider if any action is appropriate in light of the Fund's investment objectives and strategies. An investor can still lose significant amounts when investing in investment grade securities.

Risk Factors

An investment in the Fund involves special risk considerations. The following is a summary of the principal risks of investing in the Fund. You should consider carefully the fuller discussion of risks beginning on page 29 of this Prospectus under "Risk Factors."

General

The Fund is a non-diversified, closed-end management investment company designed primarily as a long-term investment and not as a trading tool. The Fund is not a complete investment program and should be considered only as an addition to an investor's existing portfolio of investments. Due to uncertainty inherent in all investments, there can be no assurance that the Fund will achieve its investment objectives. In addition, even though the Fund makes periodic offers to repurchase a portion of its outstanding shares to provide some liquidity to shareholders, shareholders should consider the Fund to be an illiquid investment.

Non-diversification risk

The Fund is classified as "non-diversified," which means that it may invest a larger percentage of its assets in a smaller number of issuers than a diversified fund. Being non-diversified may magnify the Fund's losses from adverse events affecting a particular issuer, and the value of its shares may be more volatile than if it invested more widely.

Debt securities risks

The value of debt securities may go up or down, sometimes rapidly and unpredictably, due to general market conditions, such as real or perceived adverse economic or political conditions, inflation, changes in interest rates, governmental actions or intervention, market disruptions caused by trade disputes or other factors, lack of liquidity in the bond markets or adverse investor sentiment. In addition, the value of a debt security may decline if the issuer or other obligor of the security fails to pay principal and/or interest, otherwise defaults or has its credit rating downgraded or is perceived to be less creditworthy, or the credit quality or value of any underlying assets declines. If the value of debt securities owned by the Fund falls, the value of your investment will go down. Below investment grade, high-yield debt securities (commonly known as "junk bonds") have a higher risk of default and are considered speculative. Subordinated securities are more likely to suffer a credit loss than non-subordinated securities of the same issuer and will be disproportionately affected by a default, downgrade or perceived decline in creditworthiness.

The Fund has a broad mandate with respect to the type and nature of debt investments in which it may participate. While some of the debt securities in which the Fund invests may be secured, the Fund also may invest in debt securities that are either unsecured and subordinated to substantial amounts of senior indebtedness, or a significant portion of which may be unsecured. In such instances, the ability of the Fund to influence an issuer's affairs, especially during periods of financial distress or following an insolvency is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the debt or other exercises by the Fund of its rights as a creditor. Accordingly, the Fund may not be able to take the steps necessary to protect its investments in a timely manner or at all. In addition, the debt securities in which the Fund invests may not be protected by financial covenants or limitations upon additional indebtedness, may have limited liquidity and may not be rated by a credit rating agency.

Creditors of loans constituting the Fund's assets may seek the protections afforded by bankruptcy, insolvency and other debtor relief laws. Bankruptcy proceedings are unpredictable. Additionally, the numerous risks inherent in the insolvency process create a potential risk of loss by the Fund of its entire investment in any particular investment. Insolvency laws may, in certain jurisdictions, result in a restructuring of the debt without the Fund's consent under the "cramdown" provisions of applicable insolvency laws and may also result in a discharge of all or part of the debt without payment to the Fund.

Debt securities are also subject to other risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance," (ii) the recovery of liens perfected or payments made on account of a debt in the period before an insolvency filing as a "preference," (iii) equitable subordination claims by other creditors, (iv) so called "lender liability" claims by the issuer of the obligations, and (v) environmental liabilities that may arise with respect to collateral securing the obligations. Additionally, adverse credit events with respect to any issuer, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership, or distressed exchange, can significantly diminish the value of the Fund's investment in any such company. The Fund's investments in debt securities may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Fund earlier than expected. Accordingly, there can be no assurance that the Fund's investment objectives will be realized.

Interest rate risk

The market prices of securities may fluctuate significantly when interest rates change. When interest rates rise, the value of debt (i.e., fixed income) securities generally falls. Interest rates in the U.S. have been historically low, so the Fund faces a risk that interest rates may rise. Continued economic recovery, the end of the Federal Reserve Board's quantitative easing program, and an increased likelihood of a rising interest rate environment increase the risk that interest rates will continue to rise in the near future. A general rise in interest rates may cause investors to move out of debt securities on a large scale, which could adversely affect the price and liquidity of debt securities. A change in interest rates will not have the same impact on all debt securities. Generally, the longer the maturity (i.e., measure of time remaining until the final payment on a security) or duration (i.e., measure of the underlying portfolio's price sensitivity to changes in prevailing interest rates) of a debt security, the greater the impact of a rise in interest rates on the security's value. For example, if interest rates increase by 1%, the value of a fund's portfolio with a portfolio duration of ten years would be expected to decrease by 10%, all other things being equal. In addition, different interest rate measures (such as short- and long-term interest rates and U.S. and foreign interest rates), or interest rates on different types of securities or securities of different issuers, may not necessarily change in the same amount or in the same direction.

Although CLOs are generally structured to mitigate the risk of interest rate mismatch, there may be some difference between the timing of interest rate resets on the assets and liabilities of a CLO. Such a mismatch in timing could have a negative effect on the amount of funds distributed to CLO investors. In addition, CLOs may not be able to enter into hedge agreements, even if it may otherwise be in the best interests of the CLO to hedge such interest rate risk.

Rising interest rates can lead to increased default rates in CLOs and for floating rate securities as payment obligations increase. Unlike fixed rate securities, floating rate securities generally will not increase in value if interest rates decline. Changes in interest rates also will affect the amount of interest income the Fund earns on its CLO and floating rate investments.

Credit risk

If an issuer or guarantor of a security held by the Fund or a counterparty to a financial contract with the Fund defaults on its obligation to pay principal and/ or interest, has its credit rating downgraded or is perceived to be less creditworthy, or the credit quality or value of any underlying assets declines, the value of your investment will decline. In addition, the Fund may incur expenses and may be hindered or delayed in enforcing its rights against an issuer, obligor or counterparty. A security may change in price for a variety of reasons. For example, floating rate securities may have final maturities of ten or more years, but their effective durations will tend to be very short. If there is an adverse credit event, or a perceived change in the issuer's creditworthiness, these securities could experience a far greater negative price movement than would be predicted by the change in the security's yield in relation to their effective duration. The Fund evaluates the credit quality of issuers and counterparties prior to investing in securities. Credit risk is broadly gauged by the credit ratings of the securities in which the Fund invests. However, ratings are only the opinions of the companies issuing them and are not guarantees as to quality. Securities rated in the lowest category of investment grade (Baa/BBB) may possess certain speculative characteristics. Credit risk is typically greatest for high yield debt securities ("junk" bonds), which are rated below the Baa/BBB categories or unrated securities of comparable credit quality.

Prepayment or call risk

Many issuers have a right to prepay their securities. If interest rates fall, an issuer may exercise this right. If this happens, the Fund would be forced to reinvest prepayment proceeds at a time when yields or securities available in the market are lower than the yield on the prepaid security. The Fund may also lose any premium it paid on the security.

Extension risk

When interest rates rise, repayments of debt securities, particularly asset- and mortgage-backed securities, may occur more slowly than anticipated, extending the effective duration of these debt securities at below market interest rates and causing their market prices to decline more than they would have declined due to the rise in interest rates alone. This may cause the Fund's NAV to be more volatile.

Risks relating to collateralized loan obligations

In the case of most CLOs, the structured finance securities are issued in multiple tranches, offering investors various maturity and credit risk characteristics, often categorized as senior, mezzanine and subordinated/equity according to their degree of risk. If there are defaults or the relevant collateral otherwise underperforms, scheduled payments to senior tranches of such securities take precedence over those of mezzanine tranches, and scheduled payments to mezzanine tranches have a priority in right of payment to subordinated/equity tranches. CLOs may therefore present risks similar to those of other types of debt obligations and, in fact, such risks may be of greater significance in the case of CLOs depending upon the Fund's ranking in the capital structure. Investments in structured vehicles, including equity and junior debt tranches of CLOs, involve risks, including credit risk and market risk. Changes in interest rates and credit quality may cause significant price fluctuations.

In addition to the general risks associated with investing in debt securities, CLO securities carry additional risks, including: (i) the possibility that distributions from collateral assets will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) investments in CLO equity and junior debt tranches will likely be subordinate in right of payment to other senior classes of CLO debt; and (iv) the complex structure of a particular security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results. Additionally, changes in the collateral held by a CLO may cause payments on the instruments held by the Fund to be reduced, either temporarily or permanently. CLOs also may be subject to prepayment risk. Further, the performance of a CLO may be adversely affected by a variety of factors, including the security's priority in the capital structure of the issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets. There are also the risks that the trustee of a CLO does not properly carry out its duties to the CLO, potentially resulting in loss to the CLO.

The complex structure of CLO securities may produce unexpected investment results, especially during times of market stress or volatility. The complexity of CLOs and related investments gives rise to the risk that investors, parties involved in their creation and issuance, and other parties with an interest in them may not have the same understanding of how these investments behave, or the rights that the various interested parties have with respect to them. Furthermore, the documents governing these investments may contain some ambiguities that are subject to differing interpretations. Even in the absence of such ambiguities, if a dispute were to arise concerning these instruments, there is a risk that a court or other tribunal might not fully understand all aspects of these investments and might rule in a manner contrary to both the terms and the intent of the documents. Therefore, the Fund cannot be fully assured that it will be able to enjoy all of the rights that it expects to have when it invests in CLOs and related investments.

Investing in securities of CLOs involves the possibility of investments being subject to potential losses arising from material misrepresentation or omission on the part of borrowers whose loans make up the assets of such entities. Such inaccuracy or incompleteness may adversely affect the valuation of the receivables or may adversely affect the ability of the relevant entity to perfect or effectuate a lien on the collateral securing its assets. The CLOs in which the Fund invests will rely upon the accuracy and completeness of representations made by the underlying borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness. The quality of the Fund's investments in CLOs is subject to the accuracy of representations made by the underlying borrowers and issuers. In addition, the Fund is subject to the risk that the systems used by the originators of CLOs to control for accuracy are defective. Under certain circumstances, payments to the Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

CLOs typically will have no significant assets other than the assets underlying such CLOs, including, but not limited to, secured loans, leveraged loans, project finance loans, unsecured loans, cash collateralized letters of credit and other asset-backed obligations, and/or instruments (each of which may be listed or unlisted and in bearer or registered form) that serve as collateral. Payments on the CLO securities are and will be payable solely from the cash flows from the collateral, net of all management fees and other expenses.

The failure by a CLO in which the Fund invests to satisfy financial covenants, including with respect to adequate collateralization and/or interest coverage tests, could lead to a reduction in its payments to the Fund. In the event that a CLO fails certain tests, holders of CLO senior debt may be entitled to additional payments that would, in turn, reduce the payments the Fund would otherwise be entitled to receive. Separately, the Fund may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting CLO or any other investment the Fund may make. If any of these occur, it could materially and adversely affect the Fund's returns.

The leveraged nature of CLOs magnifies the adverse impact of loan defaults. CLO investments represent a leveraged investment with respect to the underlying loans. As a result, changes in the market value of the CLO investments could be greater than the change in the market value of the underlying loans (which are subject to credit, liquidity and interest rate risk) and any event that negatively impacts an underlying investment could result in a substantial loss that would not be as substantial if the investment were not leveraged. The leverage varies depending on the seniority of the tranche. Equity tranches typically have leverage in excess of ten times.

The loans or bonds underlying CLOs typically have floating interest rates. A rising interest rate environment may increase loan defaults, resulting in losses for the CLOs and the Fund. Further, a general rise in interest rates will increase the financing costs of the CLOs. However, since many of the senior secured loans within a CLO have LIBOR floors, there may not be corresponding increases in investment income constraining distributions to investors in the CLO.

The CLO equity and junior debt tranches that the Fund acquires will be subordinated to, and will rank behind, more senior tranches of CLO debt. As such, CLO equity and junior debt tranches are subject to increased risks of default and greater risk of loss of all or a portion of their value relative to the holders of superior priority interests in the same CLO. In addition, at the time of issuance, CLO equity tranches are typically under-collateralized in that the liabilities of a CLO at inception frequently exceed its total assets. The Fund expects to often be in a first loss or subordinated position with respect to realized losses on the assets of the CLOs in which it is invested.

If an event of default occurs under an indenture, loan agreement or other document governing a fund investment, the holders of a majority of the most senior class of outstanding notes or loans issued by such investment generally will be entitled to determine the remedies to be exercised under the indenture, loan agreement or other governing document. These remedies, which may include the sale and liquidation of the assets underlying the investment, could be adverse to the interests of the Fund in CLO equity or junior debt tranches. As a holder of an investment in CLO equity or junior debt tranches, the Fund typically will have no rights under the indenture, loan agreement or other document governing an investment and will not be able to exercise any remedies following an event of default as long as any more senior notes or loans are outstanding, nor will the Fund receive any payments after an event of default until the more senior notes or loans and certain other amounts have been paid in full.

Between the closing date and the effective date of a CLO, the CLO collateral manager will generally expect to purchase additional collateral obligations for the CLO. During this period, the price and availability of these collateral obligations may be adversely affected by a number of market factors, including price volatility and availability of investments suitable for the CLO, which could hamper the ability of the collateral manager to acquire a portfolio of collateral obligations that will satisfy specified concentration limitations and allow the CLO to reach the target initial par amount of collateral prior to the effective date. An inability or delay in reaching the target initial par amount of collateral may adversely affect the timing and amount of interest or principal payments received by the holders of the CLO debt securities and distributions on the CLO equity securities and could result in early redemptions which may cause CLO debt and equity investors to receive less than face value of their investment.

CLOs typically obtain financing at a floating rate based on LIBOR. Regulators and law-enforcement agencies from a number of governments, including entities in the United States, Japan, Canada and the United Kingdom, have conducted or are conducting civil and criminal investigations into whether the banks that contribute to the British Bankers' Association (the "BBA") in connection with the calculation of daily LIBOR may have been under-reporting or otherwise manipulating or attempting to manipulate LIBOR. Several financial institutions have reached settlements with the U.S. Commodity Futures Trading Commission (the "CFTC"), the U.S. Department of Justice Fraud Section and the United Kingdom Financial Services Authority in connection with investigations by such authorities into submissions made by such financial institutions to the bodies that set LIBOR and other interbank offered rates. In such settlements, such financial institutions admitted to submitting rates to the BBA that were lower than the actual rates at which such financial institutions could borrow funds from other banks. Additional investigations remain ongoing with respect to other major banks. There can be no assurance that there will not be additional admissions or findings of rate-setting manipulation or that manipulations of LIBOR or other similar interbank offered rates will not be shown to have occurred.

On February 1, 2014, ICE Benchmark Administration Limited (formerly NYSE Euronext Rate Administration Limited) assumed the administration of LIBOR from the BBA. Any new administrator of LIBOR may make methodological changes to the way in which LIBOR is calculated or may alter, discontinue or suspend calculation or dissemination of LIBOR. Any of such actions or other effects from the ongoing investigations could adversely affect the liquidity and value of the Fund's investments. Further, additional admissions or findings of manipulation may decrease the confidence of the market in LIBOR and lead market participants to look for alternative, non-LIBOR based types of financing, such as fixed rate loans or bonds or floating rate loans based on non-LIBOR indices. An increase in alternative types of financing at the expense of LIBOR-based CLOs may impair the liquidity of the Fund's investments. Additionally, it may make it more difficult for CLO issuers to satisfy certain conditions set forth in a CLO's offering documents.

Plans are underway to phase out the use of LIBOR by the end of 2021. There remains uncertainty regarding the future utilization of LIBOR and the nature of any replacement rate. As such, the potential effect of any such event on the Fund or the financial instruments in which the Fund invests cannot yet be determined.

Risks related to warehousing

The Fund may use a portion of the net proceeds from the offering to purchase Warehouse Investments. A Warehouse Investment generally bears the risk that (i) the warehoused assets (typically primarily senior secured corporate loans) will drop in value during the warehousing period, (ii) certain of the warehoused assets default or for another reason are not permitted to be included in a CLO and a loss is incurred upon their disposition, and (iii) the anticipated CLO is delayed past the maturity date of the related Warehouse Facility or does not close at all, and, in either case, losses are incurred upon disposition of all of the warehoused assets. In the case of (iii), a particular CLO may not close for many reasons, including as a result of a market-wide material adverse change, a manager-related material adverse change or the discretion of the manager or the underwriter.

There can be no assurance that a CLO related to each such Warehouse Investment will be consummated. In the event a planned CLO is not consummated, the Warehouse investors (which may include the Fund) may be responsible for either holding or disposing of the warehoused assets. Because leverage is typically utilized in Warehouses, the potential risk of loss will be increased for the Warehouse investors. This could expose the Fund to losses, including in some cases a complete loss of all capital invested in the Warehouse Investment.

The Fund may be an investor in Warehouse Investments, and also an investor in CLOs that acquire Warehouse assets, including from Warehouses in which any of the Fund, other clients of the Sub-Adviser or the Sub-Adviser has directly or indirectly invested. This involves certain conflicts and risks.

The Warehouse Investments represent leveraged investments in the underlying assets of a Warehouse. Therefore, the NAV of a Warehouse Investment is anticipated to be affected by, among other things, (i) changes in the market value of the underlying assets of the Warehouse; (ii) distributions, defaults, recoveries, capital gains, capital losses and prepayments on the underlying assets of the Warehouse; and (iii) the prices, interest rates and availability of eligible assets for reinvestment. Due to the leveraged nature of a Warehouse Investment, a significant portion (and in some circumstances all) of the Warehouse Investments made by the Fund may not be repaid.

Risk Retention Vehicle risks

The Fund may invest in CLO debt and equity tranches and Warehouse Investments directly or indirectly through an investment in Risk Retention Vehicle established for the purpose of satisfying U.S. and/or E.U. regulations that require eligible risk retainers to purchase and retain specified amounts of the credit risk associated with certain CLOs, which vehicles themselves are invested in CLO securities, Warehouse Investments, and/or Senior Secured Obligations. Given the relatively recent adoption of the U.S. retention requirements and the European retention requirements, there can be no guarantee that a liquid market in Risk Retention Vehicle interests will develop or be sustained or that such interests will trade at prices close to their NAVs, nor can there be any guarantee that such structures will satisfy the applicable U.S. retention requirements and/or European retention requirements. In addition, due to, inter alia, the evolving regulatory environment, there may be a limited number of holders of interests in any one Risk Retention Vehicle, which may mean that there is limited liquidity in such interests which may affect: (i) a holder's (including the Fund's) ability to realize some or all of their investment; (ii) the price at which a holder (including the Fund) can effect such realization; and/or (iii) the price at which such interests trade in the secondary market; accordingly, the Fund may be unable to realize its investment in Risk Retention Vehicles at such investment's NAV or at all. Moreover, no indenture is likely to govern the Risk Retention Vehicles, and there are likely to be limited protections and no diversification requirements governing the investments held by the Risk Retention Vehicles.

In addition, Risk Retention Vehicles complying with the European retention requirements will, in addition to CLO equity and mezzanine tranches and Warehouse Investments, hold other investments directly, such as corporate loans and secured bonds, and will therefore be subject to the risks related to such investments.

Risks of holding a minority position

The Fund may hold a non-controlling interest in any CLO issuer, Warehouse Investment or Risk Retention Vehicle and, therefore, in such case, would have limited voting power with respect to such interest and the underlying assets and a limited ability to influence the management of any such investment. For example, one or more other holders of CLO equity may control the vote of the CLO equity in the underlying CLO, which typically includes the ability to cause the underlying CLO to optionally redeem (following the expiration of applicable noncall periods) its CLO securities, including its CLO equity and mezzanine tranches, to refinance certain tranches of its CLO securities and to make other material decisions that may affect the value of the CLO equity and mezzanine tranches, which could adversely impact returns to investors in the Fund.

Risk of limited transparency of investments

The Fund's investments in CLO vehicles and other investments may be riskier and less transparent to the Adviser, the Sub-Adviser, the Fund and fund investors than direct investments in the underlying companies. There may be less information available to the Adviser and Sub-Adviser regarding the underlying debt investments held by certain CLO vehicles than if the Fund had invested directly in the debt of the underlying companies. In particular, the collateral manager may have no obligation to keep the Adviser, the Sub-Adviser or the Fund (or other holders of investments) informed as to matters relating to the collateral obligations, with limited exceptions. Particularly in the case of CLOs managed by parties other than CIFC, the Sub-Adviser is unlikely to know the details of the underlying assets of the CLO vehicles in which the Fund invests.

In addition, the accounting and tax implications of the investments are complicated. In particular, reported earnings from the equity tranches of CLO issuers are recorded under generally accepted accounting principles based upon a constant yield calculation. Current taxable earnings on these investments, however, will generally not be determinable until after the end of the fiscal year of each individual issuer that ends within the Fund's fiscal year, even though the investments are generating cash flow. In general, the tax treatment of these investments may result in higher distributable earnings taxable as ordinary income in the initial years of an investment in a CLO issuer and a capital loss at maturity, while for other reporting purposes the totality of cash flows is reflected in a constant yield to maturity.

Structured investments risk

The Fund may invest in structured products, including, structured notes, credit-linked notes and other types of structured products. Holders of structured products bear risks of the underlying investments, index or reference obligation and are subject to counterparty risk. The Fund may have the right to receive payments only from the structured product, and generally does not have direct rights against the issuer or the entity that sold the assets to be securitized. While certain structured products enable the investor to acquire interests in a pool of securities without the brokerage and other expenses associated with directly holding the same securities, investors in structured products generally pay their share of the structured product's administrative and other expenses. Although it is difficult to predict whether the prices of indices and securities underlying structured products will rise or fall, these prices (and, therefore, the prices of structured products) are generally influenced by the same types of political and economic events that affect issuers of securities and capital markets generally. If the issuer of a structured product uses shorter term financing to purchase longer term securities, the issuer may be forced to sell its securities at below market prices if it experiences difficulty in obtaining such financing, which may adversely affect the value of the structured products owned by the Fund. Structured products generally entail risks associated with derivative instruments. Structured instruments may behave in ways not anticipated by the Fund, or they may not receive tax, accounting or regulatory treatment anticipated by the Fund.

Risks of subordinated securities

A holder of securities that are subordinated or "junior" to more senior securities of an issuer is entitled to payment after holders of more senior securities of the issuer. Subordinated securities are more likely to suffer a credit loss than non-subordinated securities of the same issuer, any loss incurred by the subordinated securities is likely to be proportionately greater, and any recovery of interest or principal may take more time. As a result, even a perceived decline in creditworthiness of the issuer is likely to have a greater impact on them.

Floating rate instrument risks

Floating rate loans and similar investments may be illiquid or less liquid than other investments. Market quotations for these securities may be volatile and/or subject to large spreads between bid and ask prices. No active trading market may exist for many floating rate loans, and many loans are subject to restrictions on resale. Any secondary market may be subject to irregular trading activity and extended trade settlement periods. In particular, loans may take longer than seven days to settle, potentially leading to the sale proceeds of loans not being available to meet redemptions for a substantial period of time after the sale of the loans. To the extent that sale proceeds of loans are not available, the Fund may sell securities that have shorter settlement periods or may access other sources of liquidity to meet redemption requests. Loans may not be considered “securities,” and purchasers, such as the Fund, therefore may not be entitled to rely on the anti-fraud protections afforded by federal securities laws.

Risks of inverse floating rate obligations

The interest rate on inverse floating rate obligations will generally decrease as short-term interest rates increase, and increase as short-term rates decrease. Due to their leveraged structure, the sensitivity of the market value of an inverse floating rate obligation to changes in interest rates is generally greater than a comparable long-term bond issued by the same issuer and with similar credit quality, redemption and maturity provisions. Inverse floating rate obligations may be volatile and involve leverage risk.

Below investment grade debt securities and unrated securities risk

Below investment grade debt securities, which are commonly called “junk” bonds, are rated below BBB- by S&P or Baa3 by Moody’s, or have comparable ratings by another rating organization. Debt securities rated below investment grade, called “junk” bonds, are speculative, have a higher risk of default or are already in default, tend to be less liquid and are more difficult to value than higher grade securities. For example, under adverse market or economic conditions, the secondary market for junk bonds could contract further, independent of any specific adverse changes in the condition of a particular issuer, and certain securities in the Fund’s portfolio may become illiquid or less liquid. As a result, the Fund could find it more difficult to sell these securities or may be able to sell these securities only at prices lower than if such securities were widely traded. Junk bonds tend to be volatile and involve a greater risk of default and their prices are generally more volatile and sensitive to actual or perceived negative developments, such as a decline in the issuer’s revenues or revenues of underlying borrowers or a general economic downturn, than are the prices of higher grade securities. These risks are more pronounced for securities that are already in default. Debt securities in the lowest investment grade category also may be considered to possess some speculative characteristics by certain rating agencies. An economic downturn could severely affect the ability of issuers (particularly those that are highly leveraged) to service their debt obligations or to repay their obligations upon maturity.

Leveraging risk

The value of your investment may be more volatile and other risks tend to be compounded if the Fund borrows or when it has exposure to CLOs, structured instruments or other investments that have embedded leverage. Leverage generally magnifies the effect of any increase or decrease in the value of the Fund’s underlying assets and creates a risk of loss of value on a larger pool of assets than the Fund would otherwise have, potentially resulting in the loss of all assets. Engaging in such transactions may cause the Fund to liquidate positions when it may not be advantageous to do so to satisfy its obligations or to meet segregation or coverage requirements. During periods in which the Fund is using leverage, the fees paid to the Adviser for its investment advisory services will be higher than if the Fund did not use leverage because the fees paid will be calculated on the basis of the Fund’s average total assets.

Liquidity risk

Liquidity risk exists when particular investments are or become impossible or difficult to sell. Liquid investments may become illiquid after purchase by the Fund, particularly during periods of market turmoil. Markets may become illiquid when, for instance, there are few, if any, interested buyers or sellers or when dealers are unwilling or unable to make a market for certain securities. As a general matter, dealers recently have been less willing to make markets for fixed income securities. High-yield investments, including collateral held by CLOs in which the Fund invests, generally have limited liquidity. Other investments that the Fund may purchase in privately negotiated transactions may also be illiquid or subject to legal restrictions on their transfer. Recent federal banking regulations may also cause certain dealers to reduce their inventories of certain securities, which may further decrease the ability to buy or sell such securities. When the Fund holds illiquid investments, the portfolio may be harder to value, especially in changing markets, and if the Fund is forced to sell these investments to meet its cash needs, the Fund may suffer a substantial loss.

In addition, when there is illiquidity in the market for certain investments, the Fund, due to limitations on illiquid investments, may be unable to achieve its desired level of exposure to a certain sector. Further, certain securities, once sold, may not settle for an extended period (for example, several weeks or even longer). The Fund will not receive its sales proceeds until that time, which may constrain the Fund’s ability to meet its obligations (including obligations to redeeming shareholders).

Valuation risk

The sales price the Fund could receive for any particular portfolio investment may differ from the Fund's valuation of the investment, particularly for securities that trade in thin or volatile markets, that are priced based upon valuations provided by third party pricing services that use matrix or evaluated pricing systems, or that are valued using a fair value methodology. These differences may increase significantly and affect fund investments more broadly during periods of market volatility. Investors who purchase shares or have their shares repurchased on days when the Fund is holding fair-valued securities may receive fewer or more shares or lower or higher proceeds than they would have received if the Fund had not fair-valued securities or had used a different valuation methodology. The Fund's ability to value its investments may be impacted by technological issues and/or errors by pricing services or other third party service providers.

When market quotations are not readily available or are deemed to be unreliable, the Fund values its investments at fair value as determined in good faith pursuant to policies and procedures approved by the Board. Fair value pricing may require subjective determinations about the value of a security or other asset. As a result, there can be no assurance that fair value pricing will result in adjustments to the prices of securities or other assets, or that fair value pricing will reflect actual market value, and it is possible that the fair value determined for a security or other asset will be materially different from quoted or published prices, from the prices used by others for the same security or other asset and/or from the value that actually could be or is realized upon the sale of that security or other asset.

Market risk

The market values of securities or other assets will fluctuate, sometimes sharply and unpredictably, due to changes in general market conditions, overall economic trends or local, regional or global events such as epidemics, pandemics or other public health issues, governmental actions or intervention, market disruptions caused by trade disputes or other factors, political developments, and other factors that may or may not be related to the issuer of the security or other asset. Adverse market conditions may be prolonged and may not have the same impact on all types of securities. Market prices of securities also may go down due to events or conditions that affect particular sectors, industries or issuers. When market prices fall, the value of your investment will go down. The Fund may experience a substantial or complete loss on any individual security.

Economies and financial markets throughout the world are increasingly interconnected. Economic, financial or political events, trading and tariff arrangements, terrorism, natural disasters and other circumstances in one country or region could have profound impacts on global economies or markets. As a result, whether or not the Fund invests in securities of issuers located in or with significant exposure to the countries directly affected, the value and liquidity of the Fund's investments may be negatively affected.

Events, including the spread of infectious illness or other public health issues such as global pandemics like COVID-19, may cause major disruption to economies and markets around the world, including the United States. During such events, financial markets may experience extreme volatility and severe losses, and trading in many instruments may be disrupted. Liquidity for many instruments, including those in held by the Fund, may be greatly reduced for periods of time. These circumstances may continue for an extended period of time, and may continue to affect adversely the value and liquidity of the Fund's investments. Governments and central banks, including the Federal Reserve in the United States, may in response to such events take extraordinary and unprecedented actions to support local and global economies and the financial markets. These measures may result in significant expansion of public debt. The impact of any such measures, and whether they will be effective to mitigate the economic and market disruption of relevant events, may not be known for some time. The consequences of high public debt, including its future impact on the economy and securities markets, likewise may not be known for some time.

Regulatory risk

Legal, tax, and regulatory changes could occur and may adversely affect the Fund and its ability to pursue its investment strategies and/or increase the costs of implementing such strategies. New (or revised) laws or regulations may be imposed by the CFTC, the Securities and Exchange Commission ("SEC"), the U.S. Internal Revenue Service ("IRS"), the Federal Reserve or other banking regulators, other governmental regulatory authorities or self-regulatory organizations that supervise the financial markets that could adversely affect the Fund. In particular, these agencies are implementing a variety of new rules pursuant to financial reform legislation in the United States. The EU (and some other countries) is implementing similar requirements. The Fund also may be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these governmental regulatory authorities or self-regulatory organizations.

Reinvestment risk

Income from the Fund's portfolio will decline if and when the Fund invests the proceeds from matured, traded or called debt obligations at market interest rates that are below the portfolio's current earnings rate. For instance, during periods of declining interest rates, an issuer of debt obligations may exercise an option to redeem securities prior to maturity, forcing the Fund to invest in lower-yielding securities. The Fund also may choose to sell higher yielding portfolio securities and to purchase lower yielding securities to achieve greater portfolio diversification, because the portfolio managers believe the current holdings are overvalued or for other investment-related reasons. A decline in income received by the Fund from its investments is likely to have a negative effect on dividend levels and/or the Fund's NAV.

Management and operational risk

The Fund is subject to the risk that the Sub-Adviser's judgments and decisions may be incorrect or otherwise may not produce the desired results. The value of your investment may decrease if the Sub-Adviser's judgment about the quality, relative yield or value of, or market trends affecting, a particular security or issuer, industry, sector, region or market segment, or about the economy or interest rates, is incorrect. The Fund may also suffer losses if there are imperfections, errors or limitations in the quantitative, analytic or other tools, resources, information and data used, or the analyses employed or relied on, by the Sub-Adviser, if such tools, resources or data are used incorrectly, fail to produce the desired results or otherwise do not work as intended, or if the Sub-Adviser's allocation techniques or investment style are out of favor or otherwise fail to produce the desired results. The Fund's investment strategies designed by the Adviser and the Sub-Adviser may not work as intended. In addition, the Fund's investment strategies or policies may change from time to time. Those changes may not lead to the results intended by the Adviser or the Sub-Adviser and could have an adverse effect on the value or performance of the Fund. Any of these things could cause the Fund to lose value or its results to lag relevant benchmarks or other funds with similar objectives.

The Fund also is subject to the risk of loss as a result of other services provided by the Adviser, the Sub-Adviser and other service providers, including pricing, administrative, accounting, tax, legal, custody, transfer agency and other services.

Operational risk includes the possibility of loss caused by inadequate procedures and controls, human error and cyber-attacks, disruptions and failures affecting, or by, a service provider.

Cybersecurity risk

Cybersecurity incidents, both intentional and unintentional, may allow an unauthorized party to gain access to Fund assets, customer data (including private shareholder information), or proprietary information, or cause the Fund, the Adviser, and/or other service providers (including custodians, sub-custodians, transfer agents and financial intermediaries) to suffer data breaches, data corruption or loss of operational functionality. A cybersecurity incident may disrupt the processing of shareholder transactions, impact the Fund's ability to calculate its net asset values, and prevent shareholders from redeeming their shares. Issuers of securities in which the Fund invests are also subject to cybersecurity risks, and the value of those securities could decline if the issuers experience cybersecurity incidents.

Focused investment risk

To the extent that the Fund focuses its investments in a particular industry, the value of the Fund's shares will be more susceptible to events or factors affecting companies in that industry. These may include, but are not limited to, governmental regulation, inflation, rising interest rates, cost increases in raw materials, fuel and other operating expenses, technological innovations that may render existing products and equipment obsolete, competition from new entrants, high research and development costs, increased costs associated with compliance with environmental or other regulation and other economic, market, political or other developments specific to that industry. Similarly, to the extent that the CLO vehicles in which the Fund invests have loan portfolios that are concentrated in a limited number of industries or borrowers, a downturn in such industries or with respect to such borrowers may subject the vehicles, and in turn the Fund, to a risk of significant loss and could significantly impact the aggregate returns the Fund realizes. If an industry in which a CLO vehicle is heavily exposed suffers from adverse business or economic conditions, the Fund's investment in that CLO vehicle could be affected adversely, which, in turn, could adversely affect the Fund's performance. Also, the Fund may invest a substantial portion of its assets in companies in related sectors that may share common characteristics, are often subject to similar business risks and regulatory burdens and whose securities may react similarly to the types of events and factors described above, which will subject the Fund to greater risk. The Fund also will be subject to focused investment risk to the extent that it invests a substantial portion of its assets in a particular country or geographic region.

Repurchase offers risk

The Fund is operated as an "interval fund" and, in order to provide some liquidity to shareholders, the Fund, subject to applicable law, conducts quarterly repurchase offers of the Fund's outstanding shares at NAV subject to approval of the Board. In all cases such repurchases will be for at least 5% and not more than 25%, and are currently expected to be for 5%, of its outstanding shares at NAV, pursuant to Rule 23c-3 under the 1940 Act. The Fund believes that these repurchase offers are generally beneficial to the Fund's shareholders, and repurchases generally will be funded from available cash, borrowings or sales of portfolio securities. However, repurchase offers and the need to fund repurchase obligations may affect the ability of the Fund to be fully invested or force the Fund to maintain a higher percentage of its assets in liquid investments, which may harm the Fund's investment performance. Moreover, diminution in the size of the Fund through repurchases may result in untimely sales of portfolio securities (with associated imputed transaction costs, which may be significant), and may limit the ability of the Fund to participate in new investment opportunities or to achieve its investment objectives. If the Fund employed investment leverage, repurchases of shares would compound the adverse effects of leverage in a declining market. In addition, if the Fund borrows money to finance repurchases, interest on that borrowing will negatively affect shareholders who do not tender their shares by increasing fund expenses and reducing any net investment income. If a repurchase offer is oversubscribed, the Fund will repurchase the shares tendered on a pro rata basis, and shareholders will have to wait until the next repurchase offer to make another repurchase request. As a result, shareholders may be unable to liquidate all or a given percentage of their investment in the Fund during a particular repurchase offer. Some shareholders, in anticipation of proration, may tender more shares than they wish to have repurchased in a particular quarter, thereby increasing the likelihood that proration will occur. A shareholder may be subject to market and other risks, and the NAV of shares tendered in a repurchase offer may decline between the repurchase request deadline and the date on which the NAV for tendered shares is determined. In addition, the repurchase of shares by the Fund may be a taxable event to shareholders.

Borrowing risk

The Fund may borrow to meet repurchase requests or for investment purposes (i.e., to purchase additional portfolio securities). The Fund's borrowings may be on a secured or unsecured basis and at fixed or variable rates of interest. The Fund's ability to obtain leverage through borrowings is dependent upon its ability to establish and maintain an appropriate line of credit. The use of leverage, including through borrowings, will increase volatility of the Fund's investment portfolio and magnify the Fund's investment losses or gains. Borrowing will also cost the Fund interest expense and other fees. The cost of borrowing may reduce the Fund's return. In addition to any more stringent terms imposed by a lender, the 1940 Act requires a closed-end fund to maintain asset coverage of not less than 300% of the value of the outstanding amount of senior securities representing indebtedness (as defined in the 1940 Act) and generally requires a closed-end fund to make provision to prohibit the declaration of any dividend (except a dividend payable in stock of the Fund) or distribution on the Fund's stock or the repurchase of any of the Fund's stock, unless, at the time of the declaration or repurchase, there is asset coverage of at least 300% after deducting the amount of the dividend, distribution or purchase price, as the case may be. To satisfy 1940 Act requirements in connection with leverage or to meet obligations, the Fund may be required to dispose of portfolio securities when such disposition might not otherwise be desirable. There can be no assurances that the Fund's use of leverage will be successful.

LIBOR risk

Many financial instruments, financings or other transactions to which the Fund may be a party use or may use a floating rate based on LIBOR. In July 2017, the Financial Conduct Authority, the United Kingdom's financial regulatory body, announced that after 2021 it will cease its active encouragement of banks to provide the quotations needed to sustain LIBOR. That announcement suggests that LIBOR may cease to be published or utilized after that time. Various financial industry groups have begun planning for that transition, but the effect of the transition process and its ultimate success cannot yet be determined. The transition process may lead to increased volatility and illiquidity in markets for instruments the terms of which are based on LIBOR. It could also lead to a reduction in the value of some LIBOR-based investments. Since the usefulness of LIBOR as a benchmark could deteriorate during the transition period, these effects could occur prior to the end of 2021. The willingness and ability of issuers to include enhanced provisions in new and existing contracts or instruments also remains uncertain. Any of these factors may adversely affect the Fund's performance or NAV.

Expense risk

Your actual costs of investing in the Fund may be higher than the expenses shown in "Annual Fund Operating Expenses" for a variety of reasons. For example, expense ratios may be higher than those shown if overall net assets decrease or if an expense limitation is changed or not renewed. Net assets are more likely to decrease and the Fund's expense ratio is more likely to increase when markets are volatile.

Conflicts of interest

The Adviser, the Sub-Adviser and their respective affiliates are engaged in a variety of businesses and have interests other than those relating to managing the Fund. The broad range of activities and interests of the Adviser, the Sub-Adviser and their respective affiliates gives rise to actual, potential and perceived conflicts of interest that could affect the Fund and its shareholders.

Tax risk

In order to qualify for the favorable tax treatment generally available to regulated investment companies under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), and avoid fund-level taxes, the Fund must distribute substantially all of its income to its shareholders, and at least 90% of the Fund's gross income each taxable year must consist of certain types of qualifying income. The Fund's equity tranche investments in CLOs may jeopardize its ability to meet the distribution requirement. If the Fund were to lose its status as a regulated investment company as a result of the failure to meet the distribution requirement, the Fund would generally be subject to entity-level tax in the same manner as an ordinary corporation, and distributions to its shareholders generally would not be deductible by the Fund in computing its taxable income. Even if the Fund meets its minimum distribution requirements, its undistributed income and gains will generally be subject to entity-level tax, which will reduce the Fund's returns.

Borrowing

The Fund has the option to borrow, which such borrowing, if any, the Fund anticipates would be used to satisfy repurchase requests from fund shareholders and otherwise to provide the Fund with temporary liquidity. The amount that the Fund may borrow will be limited by the provisions of Section 18 of the 1940 Act, which, among other limitations contained therein relating to the declaration of dividends or distributions, limits the issuance of a "senior security" (as defined in the 1940 Act) to those instances where immediately after giving effect to such issuance, the Fund will have "net asset coverage" (as defined in the 1940 Act) of at least 300%. To the extent the Fund borrows, the interest on borrowing by the Fund will be at prevailing market rates. Notwithstanding the foregoing, the Fund intends to limit its borrowing, if any, and the overall leverage of its portfolio to an amount that does not exceed 33 1/3% of the Fund's gross asset value.

Investment Adviser

City National Rochdale, LLC ("City National Rochdale" or the "Adviser") is the Fund's investment adviser. The Adviser provides continuous and regular investment management services to the Fund.

The Adviser is a registered investment adviser that specializes in investment management for high-net-worth individuals, families and foundations. The Adviser had approximately $45.1 billion in assets under management as of July 31, 2020, and is a wholly-owned subsidiary of City National Bank ("CNB"), a federally chartered commercial bank founded in the early 1950s, which has provided trust and fiduciary services, including investment management services, to individuals and businesses for over 50 years. CNB currently provides investment management services to individuals, pension and profit sharing plans, endowments and foundations. As of July 31, 2020, CNB and its affiliates had approximately $81.3 billion in assets under administration, which includes approximately $58.6 billion in assets under management. CNB is a wholly-owned indirect subsidiary of RBC USA Holdco Corporation, which is a wholly-owned indirect subsidiary of Royal Bank of Canada.

Under the terms of the advisory agreement between the Adviser and the Fund, and subject to the approval of the Board, the Adviser is authorized to delegate certain of its duties under the agreement to one or more sub-advisers pursuant to a written contract in accordance with, and in compliance with applicable requirements of, the 1940 Act, provided that the Adviser will supervise, oversee and monitor each such sub-adviser.

The Adviser's main office is at 400 North Roxbury Drive, Beverly Hills, California 90210.

The Fund does not currently charge a repurchase fee, and it does not currently expect to impose a repurchase fee.

Sub-Adviser

The Adviser has engaged CIFC Investment Management LLC as the Fund's sub-adviser. The Sub-Adviser is responsible for providing day-to-day investment advice and recommendations for the Fund. The Sub-Adviser is a registered investment adviser specializing in secured U.S. corporate loan strategies with approximately $28 billion of assets under management as of August 31, 2020.

Advisory and Sub-Advisory Fee

The Fund pays the Adviser, as promptly as possible after the last day of each month, a fee for its investment advisory services in the amount of 1.50% of the Fund's average daily net assets. Pursuant to the investment sub-advisory agreement by and between the Adviser and the Sub-Adviser, the Adviser pays the Sub-Adviser out of the advisory fee it receives from the Fund a fee in the amount of 1.25% of the Fund's average daily net assets. See "Management of the Fund."

Expense Limitation

The Adviser has contractually agreed to waive its management fee and/or reimburse expenses to the extent necessary to ensure that the Fund's total annual operating expenses will not exceed 1.95% (after fee waivers and/or expense reimbursements, and exclusive of front-end or contingent deferred loads, taxes, interest, brokerage commissions, acquired fund fees or expenses, extraordinary expenses such as litigation expenses, and other expenses not incurred in the ordinary course of the Fund's business). These arrangements will continue until October 1, 2021, and shall automatically renew for an additional one-year period unless sooner terminated by the Fund or by the Board upon 60 days' written notice to the Adviser or termination of the advisory agreement between the Fund and the Adviser. The Adviser may recoup fees waived and expenses reimbursed for a period of three years following the date such reimbursement or reduction was made if such recoupment does not cause current expenses to exceed the expense limit for the Fund in effect at the time the expenses were paid/waived or any expense limit in effect at the time of recoupment.

Portfolio Managers

Matthew Andrews and Jay Huang of CIFC are jointly and primarily responsible for providing day-to-day investment advice and recommendations for the Fund, and Thomas H. Ehrlein and Charles Luke of City National Rochdale (together with Mr. Andrews and Mr. Huang, the "Portfolio Managers") provide proactive oversight and monitoring of CIFC.

Expenses

The Fund pays all of its organizational and investment expenses, including, without limitation, the costs associated with investing, holding, selling, disposing, and hedging the Fund's investments, brokerage commissions (if any), finders and all other costs of executing transactions, calculating the Fund's NAV, interest expense, insurance expense, custodial expense and all ongoing ordinary administrative and operational costs of the Fund, including legal costs, regulatory filing costs, bookkeeping, auditing and accounting costs, taxes, insurance, government and registered office fees, litigation costs, extraordinary expenses, and any fees paid to the Administrator (as defined below) and Custodian (as defined below) and all expenses incurred in connection with the offering and sales of its shares and communications with shareholders.

The Adviser bears all ongoing ordinary administrative and operational costs of the Adviser, including employees' salaries, facilities, travel costs, technology costs, office supplies, research and data costs and its own legal, accounting and filing fees, as well as all of the sub-advisory fees incurred in connection with the Fund.

Fees Paid to Third Parties

A portion of the Fund's investment in any special purpose vehicles, partnerships, securitizations, structured financings or other collective investment vehicles managed by third parties through which the Fund may invest may be used to pay fees (such as underwriting commissions) relating to the costs of the set-up, management and/or operation of such vehicles. These indirect costs will reduce the return to the Fund on its investment in such vehicles and affect its performance.

Shareholder Servicing Fee

The Fund is subject to a shareholder service agreement pursuant to which the Fund pays a fee of 0.25% of its average net assets to the Adviser for shareholder services provided to shareholders of the Fund. Because this fee is paid out of the Fund's assets, over time the fee will increase the cost of a shareholder's investment.

Administrator, Fund Accounting Agent, Distributor, Custodian and Transfer Agent

SEI Investments Global Funds Services, a wholly-owned subsidiary of SEI Investments, Co., located at One Freedom Valley Drive, Oaks, Pennsylvania 19456, serves as the Fund's administrator and fund accounting agent (the "Administrator"). SEI Investments Distribution Co., a wholly-owned subsidiary of SEI Investments, Co., located at One Freedom Valley Drive, Oaks, Pennsylvania 19456, serves as the Fund's distributor (the "Distributor"). U.S. Bank, N.A., located at 1555 N. Rivercenter Drive, Milwaukee, Wisconsin 53212, serves as the Fund's custodian (the "Custodian"). U.S. Bank Global Fund Services, LLC, located at 615 East Michigan Street, Milwaukee, Wisconsin 53202, serves as the Fund's transfer agent (the "Transfer Agent").

The Fund compensates the Administrator, the Custodian and the Transfer Agent for their services. The Distributor is not compensated for its services to the Fund.

Unlisted Closed-End Fund Structure

The Fund's shares have very limited liquidity. The Fund's shares are not listed and the Fund does not currently intend to list its shares for trading on any securities exchange, and the Fund does not expect there to be any secondary market for the Fund's shares.

Shareholders of the Fund are not able to have their shares redeemed or otherwise sell their shares on a daily basis because the Fund is an unlisted closed-end fund. In order to provide some liquidity to shareholders, the Fund is structured as an "interval fund" and conducts periodic repurchase offers for a portion of its outstanding shares, as described in this Prospectus.

An investment in the Fund is suitable only for long-term investors who can bear the risks associated with the limited liquidity of the shares of the Fund. Investors should consider their investment goals, time horizons and risk tolerance before investing in the Fund.

Distributions

The Fund intends to declare and pay dividends of substantially all net investment income, if any, quarterly. The Fund intends to make distributions of net realized capital gains, if any, at least annually. Unless shareholders specify otherwise, dividends and other distributions will be reinvested in shares of the Fund.

Tax Considerations

You will normally be subject to federal income taxes, and any state or local taxes, on the dividends and other distributions you receive from the Fund. For U.S. federal income tax purposes, distributions from the Fund's net capital gains (the excess, if any, of its net long-term capital gains over its net short-term capital losses) properly reported by the Fund as capital gain dividends are considered long-term capital gains and are generally taxable to non-corporate shareholders at reduced rates relative to ordinary income. Distributions from the Fund's net short-term capital gains are generally taxable as ordinary income. Other dividends are generally taxable as ordinary income or, in general, if paid from the Fund's "qualified dividend income" and if certain conditions, including holding period requirements, are met by the Fund and the shareholder, as qualified dividend income taxable to individual and certain other non-corporate shareholders at U.S. federal income tax rates applicable to long-term capital gains. "Qualified dividend income" generally is income derived from dividends paid by U.S. corporations or certain foreign corporations that are either incorporated in a U.S. possession or eligible for tax benefits under certain

U.S. income tax treaties. In addition, dividends that the Fund receives in respect of stock of certain foreign corporations may be qualified dividend income if that stock is readily tradable on an established U.S. securities market. A portion of dividends received from the Fund (but none of the Fund's capital gain distributions) may qualify for the dividends-received deduction for corporations. As of the date of this Prospectus, the Fund does not expect to make significant distributions (if any) that will be eligible for the dividends-received deduction for corporations or for treatment as qualified dividend income.

The Fund reports to shareholders annually the U.S. federal income tax status of all fund distributions.

If the Fund declares a dividend in October, November or December, payable to shareholders of record in such a month, and pays such dividend in January of the following calendar year, you will be subject to tax on the dividend as if you received it in the calendar year in which it was declared.

You should consult a tax adviser about state, local and foreign taxes on your distributions from the Fund.

See "Dividends and Distributions" and "Federal Income Tax Matters."

SUMMARY OF FUND EXPENSES

The following table describes the fees and expenses you may pay if you buy and hold shares of the Fund.

Shareholder Transaction Expenses
(fees paid directly from your investment)

Maximum Repurchase Fee	None
Sales Load	None

Annual Fund Operating Expenses
(as a percentage of net assets attributable to the shares)

Management Fee	1.50%
Service Fees	0.25%
Other Expenses	1.12%
Total Annual Fund Operating Expenses	2.87%
Fee Waivers and/or Expense Reimbursements[1]	(0.92)%
Total Annual Fund Operating Expenses after Fee Waivers and/or Expense Reimbursements	1.95%

(1) The Adviser has contractually agreed to waive its management fee and/or reimburse expenses to the extent necessary to ensure that the Fund's total annual operating expenses will not exceed 1.95% (after fee waivers and/or expense reimbursements, and exclusive of front-end or contingent deferred loads, taxes, interest, brokerage commissions, acquired fund fees or expenses, extraordinary expenses such as litigation expenses, and other expenses not incurred in the ordinary course of the Fund's business). These arrangements will continue until October 1, 2021, and shall automatically renew for an additional one-year period unless sooner terminated by the Fund or by the Board upon 60 days' written notice to the Adviser or termination of the advisory agreement between the Fund and the Adviser. The Adviser may recoup fees waived and expenses reimbursed for a period of three years following the date such reimbursement or reduction was made if such recoupment does not cause current expenses to exceed the expense limit for the Fund in effect at the time the expenses were paid/waived or any expense limit in effect at the time of recoupment.

Example

The following Example is intended to help you understand the various costs and expenses that you, as a holder of shares, would bear directly or indirectly. The Example assumes that you invest $10,000 in shares of the Fund for the time periods indicated. Because there are no costs to you associated with repurchases of your shares, your costs would be the same whether you hold your shares or tender your shares for repurchase at the end of the time periods indicated. The example also assumes that your investment has a 5% return each year, that all dividends and distributions are reinvested at NAV, and that the Fund's operating expenses (as described above) remain the same. The example should not be considered a representation of the Fund's future expenses. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years	5 Years	10 Years
$198	$802	$1,432	$3,129

The Example should not be considered a representation of future expenses. Actual expenses may be greater or lesser than those assumed for purposes of the Example. The Fund's actual rate of return may be greater or less than the hypothetical 5% return shown in the Example.

FINANCIAL HIGHLIGHTS

The following financial highlights table is intended to help you understand the Fund's financial performance. Information for the year or periods indicated below, except as described hereafter, has been audited by EisnerAmper LLP, an independent registered public accounting firm, whose report, along with the Fund's financial statements are included in the Fund's 2020 Annual Report (available upon request) and incorporated by reference into the Fund's SAI. Information presented in the financial highlights tables is for a single fund share outstanding throughout the period shown. The total return figures in the tables represent the rate an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions).

financial highlights

For a Share Outstanding Throughout each Year/Period Presented

	Net Asset Value Beginning of Year/ Period	Net Investment Income†	Net Realized and Unrealized Gains (Loss) on Securities	Total from Operations	Total Dividends and Distributions	Net Asset Value End of Year/ Period	Total Return‡	Net Assets End of Year/ Period (000)	Ratio of Expenses to Average Net Assets	Ratio of Expenses to Average Net Assets (Excluding Waivers)	Ratio of Net Investment Income to Average Net Assets	Portfolio Turnover Rate‡‡
City National Rochdale Strategic Credit Fund												
Class 1												
2020	$ 10.55	$ 0.97	$ (2.06)	$ (1.09)	$ (0.82)	$8.64	(10.54)%	$ 86,976	1.95%	2.87%	9.42%	62%
2019*	10.00	0.38	0.28	0.66	(0.11)	10.55	6.65	37,273	1.95	5.69	8.12	19

* The Fund commenced operations on December 19, 2018. All ratios have been annualized.

† Per share calculations are based on average shares outstanding throughout each period.

‡ Fee waivers are in effect; if they had not been in effect, performance would have been lower. Total return is for the period indicated and has not been annualized. Returns shown do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

‡‡ Portfolio turnover rate is for the period indicated and has not been annualized.

THE FUND

City National Rochdale Strategic Credit Fund (the "Fund") is a continuously offered, non-diversified, closed-end management investment company that is operated as an interval fund. The Fund was organized as a statutory trust under the laws of the State of Delaware on February 26, 2018, and has registered under the Investment Company Act of 1940, as amended (the "1940 Act"). The Fund's principal office is located at 400 Park Avenue, New York, New York 10022, and its telephone number is 1-888-889-0799.

USE OF PROCEEDS

The Fund will invest the proceeds of the offering of shares in accordance with the Fund's investment objectives and principal investment strategies as stated below.

INVESTMENT OBJECTIVES AND PRINCIPAL INVESTMENT STRATEGIES

When used in this Prospectus, the term "invest" includes both direct investing and indirect investing and the term "investments" includes both direct investments and indirect investments. The Fund may be exposed to the different types of investments described below through such "indirect" investments.

INVESTMENT OBJECTIVES

The Fund's primary objective is to generate current income; its secondary objective is long-term capital appreciation. There can be no assurance that the Fund will achieve its investment objectives.

The Fund's investment objectives may be changed without shareholder approval. The Fund will provide notice prior to implementing any change to its investment objectives.

PRINCIPAL INVESTMENT STRATEGIES

The Fund pursues its investment objectives by investing, under normal circumstances, at least 80% of its net assets (plus the amount of any borrowings for investment purposes) in debt securities and other credit-related investments. For purposes of the Fund's 80% policy, "credit-related investments" include equity tranches of collateralized loan obligations ("CLOs"), equity interests in CLO warehouses, funds that invest primarily in debt securities, and derivatives that have similar economic characteristics to debt securities. The Fund normally focuses on investments in equity and mezzanine tranches of CLOs. Investments in equity tranches of CLOs are considered to be credit-related investments and will count towards compliance with the Fund's 80% policy. The Fund also may invest in other types of debt securities and credit-related investments, including, without limitation, more senior debt tranches of CLOs, mortgage-backed and other asset-backed securities, other forms of structured credit, high yield and investment grade bonds, notes and debentures of U.S. and non-U.S. issuers, securities issued or guaranteed by the U.S. Government, its agencies, instrumentalities or sponsored entities, senior secured or second lien or other subordinated or unsecured floating rate and fixed rate loans or debt, and other fixed, floating, or variable interest rate securities.

The Fund may invest in debt securities and credit-related investments of any maturity and credit quality, including securities rated below investment grade (such as high yield bonds) and unrated securities. Investment grade securities are those rated in the Baa3 or higher categories by Moody's Investors Service, Inc. ("Moody's"), or in the BBB- or higher categories by Standard & Poor's, a division of McGraw Hill Companies Inc. ("S&P"), or Fitch Ratings Ltd. ("Fitch") or, if unrated by S&P, Moody's, Fitch or another Nationally Recognized Statistical Rating Organization ("NRSRO"), determined by the Sub-Adviser to be of comparable credit quality. High yield bonds, commonly referred to as "junk bonds," have predominately speculative characteristics with respect to the issuer's capacity to pay interest and repay principal and may be difficult to value and illiquid. The Fund may invest in securities and other instruments for which the issuer is not current in its payment obligations, including securities of stressed, distressed and bankrupt issuers and debt obligations that are in default.

The Fund also may invest up to 20% of its net assets in equity securities of companies of any market capitalization throughout the world.

The Fund may invest in both U.S. dollar denominated and non-U.S. dollar denominated loans and securities, as well as securities of foreign issuers.

In addition to the above, the Fund may invest in a broad range of other types of debt securities, including certificates of deposit, money market securities, funds that invest primarily in debt securities, and cash, cash equivalents and other short term holdings and may enter into repurchase agreements and reverse repurchase agreements.

To the extent consistent with the repurchase liquidity requirement for an interval fund under Rule 23c-3 of the 1940 Act, the Fund may invest without limit in illiquid securities.

The Fund's investment strategies and policies may be changed from time to time without shareholder approval, unless specifically stated otherwise in this Prospectus or in the SAI.

Investment process

In selecting debt and credit-related investments for, and in sub-advising, the Fund's portfolio, the Sub-Adviser combines bottom-up fundamental analysis with top-down portfolio allocation and risk management. In particular, the Sub-Adviser seeks to leverage its long-standing relationships with major CLO participants and its in-depth knowledge of underlying collateral portfolios and CLO structures to source CLO investments from either (i) the primary market, as dealers bring new issue CLOs to market, or (ii) in the secondary market through dealer secondary offering sheets, bids wanted in competition and other privately negotiated transactions. The Sub-Adviser utilizes a tiered screening process to identify investment opportunities, with a focus on relative value. The process typically entails analyzing three distinct layers to evaluate potential investments: the collateral manager (review of experience, depth and stability of the credit and portfolio management teams, investment strategy and process and historical performance, among other factors), the underlying collateral portfolio (overlap analysis of the portfolio collateral versus the Sub-Adviser's existing portfolios, a review of portfolio-wide key metrics and review of individual assets, among other factors) and the transaction structure (analyzing hypothetical deal performance and the structure's sensitivity to factors such as differing default rates, reinvestment yields, prepayment rates, interest rates and other macro/market variables, among other factors, and comparing key terms to past and present deals in the market). During the screening process, the Sub-Adviser utilizes a technology suite which includes third party analytics software and its own proprietary dashboard to screen and identify investment opportunities and attendant risks. Opportunities that have passed the screening process are submitted to the Sub-Adviser's investment committee, which then analyzes and, once it has approved an investment decision, sets appropriate risk limits. In sub-advising the Fund's portfolio, the Sub-Adviser focuses on monitoring relative value and achieving maximum risk-adjusted returns on both new and existing investments.

The Sub-Adviser will consider selling an investment when a negative development impacts the investment or when the Sub-Adviser believes other investment opportunities may better optimize the relative value, risk and performance of the Fund's strategy.

Principal portfolio composition

Under normal circumstances, the Fund invests at least 80% of its net assets (plus the amount of any borrowings for investment purposes) in debt securities and other credit-related investments. For purposes of the Fund's 80% policy, "credit-related investments" include equity tranches of CLOs, equity interests in CLO warehouses, funds that invest primarily in debt securities, and derivatives that have similar economic characteristics to debt securities. The Fund currently focuses on investments in equity and mezzanine tranches of CLOs. The Fund may also invest in a broad range of other debt securities and credit-related investments.

Debt securities

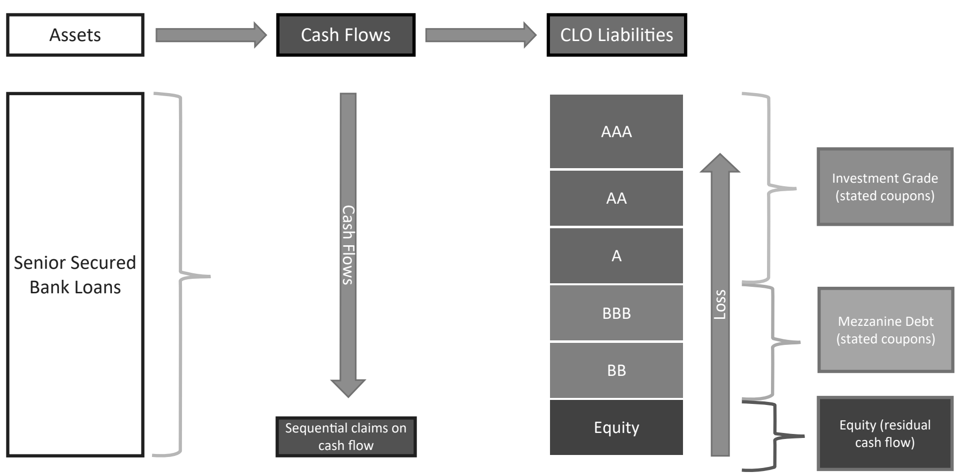
The Fund invests in debt securities, including debt securities that are rated below investment grade or are unrated. Debt securities represent obligations of corporations, governments and other entities to repay money borrowed, usually at the maturity of the security. These securities may pay fixed, variable or floating rates of interest. However, some fixed income securities, such as zero coupon bonds, do not pay current interest but are issued at a discount from their face values. Other debt instruments, such as certain mortgage-backed and other asset-backed securities, make periodic payments of interest and/or principal. Some debt instruments are partially or fully secured by collateral supporting the payment of interest and principal. Debt securities of corporate and governmental issuers in which the Fund may invest are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk) and also may be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk).

Collateralized loan obligations

A CLO is typically collateralized by a pool of loans which may include, among other things, domestic and foreign senior secured loans, senior secured corporate bonds, senior unsecured loans and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans. While the vast majority of the portfolio of most CLOs consists of senior secured loans, many CLOs enable the CLO collateral manager to invest up to approximately 10% of the portfolio in assets that are not first lien senior secured loans, including second lien loans, unsecured loans, debtor-in-possession (DIP) loans and fixed rate loans. As illustrated in the diagram below, the cash flows from the trust are split into two or more portions, called tranches, with different priority claims, which represent different risk/return profiles. CLO debt tranches typically are rated "AAA" (or its equivalent) at the most senior level down to "BB" or "B" (or their equivalent), which is below investment grade, by Moody's, S&P and/or Fitch. Holders of interests in the senior tranches are entitled to the lowest interest rate payments but those interests generally represent safer investments than more junior tranches because senior tranches are paid from the cash flows from the underlying assets before the more junior tranches. Since they are partially protected from defaults, the senior CLO debt tranches typically have higher ratings and lower potential yields than the underlying securities, and can be rated investment grade. Despite the protection from the more junior and equity tranches, more senior CLO debt tranches can experience substantial losses due to actual defaults, increased sensitivity to defaults due to collateral default and disappearance of protecting tranches, market anticipation of defaults and aversion to CLO securities as a class.

Sub-investment grade rated debt tranches of CLOs (CLO mezzanine tranches) are the most junior of the debt tranches. The equity tranches of CLOs are unrated and subordinated to the debt tranches in the CLO capital structure. The equity tranche receives excess cash flow after the payment of interest on the more senior tranches, and other excess cash flow after the more senior tranches, are repaid, at the bottom of the payment waterfall. Economically, the equity tranche of a CLO benefits from the difference between the interest received from the senior secured loans and the interest paid to the holders of debt tranches of the CLO structure. A CLO's equity tranche, while entitled to be paid the highest interest rate payments, is the riskiest portion of the CLO, representing the first loss position in the CLO (i.e., losses are first borne by the equity tranche, next by the junior tranches and finally by the senior tranches) and bearing the bulk of defaults from the bonds or loans in the trust. As a practical matter, the equity tranche covers a particular percent of the collateral's principal and absorbs the first default losses accounting for such percent of the total pool of loans. For instance, if the equity tranche of a CLO covers 10% of the collateral's principal, should a default or decrease in expected payments to the CLO occur, that deficiency typically will first affect the equity tranche in that holders of that position generally will be the first to have their payments decreased by the deficiency and would bear all of up to 10% of the collateral's losses. Next in line to absorb losses is the mezzanine tranche of the CLO. If the second tranche (the mezzanine tranche) of the CLO covers the next 20% of collateral principal, it is protected by the equity tranche against 10% of losses and absorbs the next 20% of default losses on the portfolio of loans. If the next more senior tranche covers the next 60% of collateral principal, it is protected by equity and the mezzanine tranches against 30% (10% + 20%) of losses and absorbs the next 60% default losses on the portfolio of loans, and so on. Consequently, CLO equity and mezzanine tranches entail generally higher risk (albeit different risks because the mezzanine tranches are structurally superior to the equity tranche), with the potential for higher returns, than other tranches of CLO debt that are more senior. The percentages included in the above example are merely illustrative, but do generally fall in the typical ranges for the CLOs in which the Fund will invest. The percent covered by each tranche may differ from CLO to CLO and from issuance to issuance and, therefore, the percentages included in the above example may differ in and among the CLOs in which the Fund actually invests. Below investment grade securities are commonly referred to as "junk bonds" and involve substantial risk of loss.

CLO equity and mezzanine tranches are considered speculative with respect to timely payment of distributions or investment and reinvestment or repayment of principal.



Each tranche within a CLO normally has voting rights on any amendments that would have a material effect on such tranche. Neither the debt tranches nor equity tranche of CLOs have voting rights on the management of the underlying loan portfolio. The holders of the equity tranches of CLOs typically have the right to approve and/or replace the CLO collateral manager after such CLO manager has triggered a default. CLO equity tranche holders typically have the ability to call or refinance the debt tranches following a non-call period. Debt tranches of CLOs do not have the right to call the other CLO security tranches. Debt tranches of CLOs typically have a stated coupon. Equity tranches of CLOs do not have a stated coupon.

Depending on the Sub-Adviser's assessment of market conditions, the Fund's focus may vary from time to time between CLO equity and debt tranches. In the market environment existing as of the date of this Prospectus, the Sub-Adviser expects investment opportunities in CLO equity to present more attractive risk-adjusted returns and higher risk levels than CLO debt, although the Sub-Adviser expects to make investments in CLO debt and related investments, in certain cases, to complement the CLO equity investments that the Fund makes.

CLO securities are subject to a number of risks as discussed elsewhere in more detail beginning on page 29 of this Prospectus under "Risk Factors." Among the Fund's primary targeted investments, the risks associated with CLO mezzanine tranches and CLO equity tranches are generally greater than those associated with more senior tranches of CLO debt.

Senior Secured Obligations

It is currently expected that the underlying investments held by CLOs in which the Fund invests will primarily be senior secured loans and senior secured corporate bonds ("Senior Secured Obligations" or "SSOs"). These SSOs are senior secured loans made by banks or other institutions to leveraged, non-investment grade firms (or, in the case of European CLOs, senior secured bonds issued by non-investment grade firms), in each case, to finance mergers and acquisitions, recapitalizations, capital expenditures and general corporate purposes. These loans (or bonds) are syndicated, or sold, to institutional investors.

Typically, SSOs will be floating rate in nature (usually London Interbank Offered Rate ("LIBOR") based) and will benefit from collateral protection, as well as, in some cases, financial maintenance covenants. Financial maintenance covenants are intended to warn investors of weakening performance and, when breached, may permit lenders to re-price the obligation or take further action to protect their interests, a benefit generally unavailable to holders of high yield bonds (which instead are protected by incurrence covenants).

SSOs are secured and typically hold the senior most position in the capital structure. Because SSOs often are secured by a lien (which may be a first priority lien or a second priority lien) on substantially all of the assets of the borrower and other relevant obligors and/or guarantors, including receivables, inventory and property, plant and equipment, they must be repaid, to the extent the relevant obligor is otherwise unable to do so, from the proceeds of such assets before unsecured debt obligations (i.e., before the holders of most high yield bonds and equity).

Warehouse Investments

Prior to a CLO closing and issuing CLO securities to CLO investors, in anticipation of such CLO closing, a vehicle (often the future CLO issuer) will purchase and "warehouse" a portion of the underlying loans (and, in the case of European CLOs, bonds) that will be held by such CLO (the "Warehouse"). To finance the accumulation of these assets, a financing facility (a "Warehouse Facility") is opened, equitized either by the entity or affiliates of the entity that will become the collateral manager of the CLO upon its closing and/or by third-party investors that may or may not invest in the CLO. The period from the date such Warehouse is opened and asset accumulation begins to the date the CLO closes is referred to as the "warehousing period." The Fund may participate in SSOs during warehousing periods by providing equity capital in support of Warehouses. In practice, a Warehouse Investment may be structured in a variety of legal forms (typically determined by the bank engaged to underwrite the associated CLO which will also typically be the provider of senior financing to the Warehouse), including by subscribing for equity interests or a subordinated debt investment in a special purpose vehicle that obtains a Warehouse Facility secured by the assets (primarily SSOs) that are accumulated in anticipation of the related CLO.

Risk Retention Vehicles

The Fund may invest in CLO debt and equity tranches and Warehouse Investments directly or indirectly through an investment in U.S. and/or European vehicles ("Risk Retention Vehicles") established for the purpose of satisfying U.S. and/or E.U. regulations that require eligible risk retainers to purchase and retain specified amounts of the credit risk associated with certain CLOs, which vehicles themselves are invested in CLO securities, Warehouse Investments, and/or Senior Secured Obligations. Risk Retention Vehicles will be structured to satisfy the retention requirements by purchasing and retaining the percentage of CLO notes prescribed under the applicable retention requirements (the "Retention Notes") and will include Risk Retention Vehicles with respect to CLOs managed by other collateral managers, but will not include Risk Retention Vehicles with respect to CLOs for which the Sub-Adviser acts as collateral manager.

Indirect investments in CLO equity securities (and in some instances more senior CLO securities) and Warehouse Investments through entities that have been established to satisfy the U.S. retention requirements and/or the European retention requirements may allow for better economics for the Fund (including through fee rebate arrangements) by creating stronger negotiating positions with CLO managers and underwriting banks who are incentivized to issue CLOs and who require the participation of a Risk Retention Vehicle to enable the CLO securities to be issued. However, Retention Notes differ from other securities of the same ranking since the retention requirements prescribe that such Retention Notes must be held by the relevant risk retainer for a specified period. In the case of European Risk Retention Vehicles, the prescribed holding period is the lifetime of the CLO, and in the case of U.S. Risk Retention Vehicles it is the longer of (x) the period until the CLO has paid down its securities to 33% of their original principal amount, (y) the period until the CLO has sold down its assets to 33% of their original principal amount and (z) two years after the closing of the CLO. In addition, Retention Notes are subject to other restrictions not imposed on other securities of the same ranking; for example, Retention Notes may not be subject to credit risk mitigation, and breach of the retention requirements may result in the imposition of regulatory sanctions or, in the case of the European retention requirements, in claims being brought against the retaining party.

Structured credit

The Fund may invest in various types of structured instruments, including securities that have demand, tender or put features, or interest rate reset features. These may include instruments issued by structured investment or special purpose vehicles or conduits, and may be asset-backed or mortgage-backed securities. Structured instruments may take the form of participation interests or receipts in underlying securities or other assets, and in some cases are backed by a financial institution serving as a liquidity provider. The interest rate or principal amount payable at maturity on a structured instrument may vary based on changes in one or more specified reference factors, such as currencies, interest rates, commodities, indices or other financial indicators. Changes in the underlying reference factors may result in disproportionate changes in amounts payable under a structured instrument. Some of these instruments may have an interest rate swap feature which substitutes a floating or variable interest rate for the fixed interest rate on an underlying security. Structured instruments are a type of derivative instrument and the payment and credit qualities of these instruments derive from the assets embedded in the structure. For structured securities that have embedded leverage features, small changes in interest or prepayment rates may cause large and sudden price movements. Structured instruments are often subject to heightened liquidity risk.

Loans

The Fund may invest in loans to finance highly leveraged borrowers which may make such loans especially vulnerable to adverse changes in economic or market conditions. Loans in which the Fund may invest may be either collateralized or uncollateralized and senior or subordinate. Investments in uncollateralized and/or subordinate loans entail a greater risk of nonpayment than do investments in loans that hold a more senior position in the borrower's capital structure and/or are secured with collateral. In addition, loans are generally subject to liquidity risk.

Floating rate loans

Floating rate loans are provided by banks and other financial institutions to large corporate customers. These loans are normally rated below investment grade, but typically are secured with specific collateral and have a senior position in the capital structure of the borrower. These loans typically have rates of interest that are reset periodically by reference to a base lending rate, such as LIBOR, plus a premium.

Floating rate investments

Floating rate investments are securities and other instruments with interest rates that adjust or "float" periodically based on a specified interest rate or other reference and include repurchase agreements, money market securities and shares of money market and short-term bond funds. For purposes of the Fund's investment policies, the Fund considers as floating rate instruments adjustable rate securities, fixed rate securities with durations of less than or equal to one year and funds that invest primarily in floating rate instruments.

Below investment grade debt securities

The Fund may invest in debt securities rated below investment grade or, if unrated, of equivalent quality as determined by the Sub-Adviser. Below investment grade securities, which are commonly referred to as "junk" bonds, have high risk, speculative characteristics. A debt security is below investment grade if it is rated Ba/BB or lower or the equivalent rating by at least one NRSRO or determined to be of equivalent credit quality by the Sub-Adviser. Below investment grade debt securities involve greater risk of loss, are subject to greater price volatility and are less liquid, especially during periods of economic uncertainty or change, than higher quality debt securities. Below investment grade securities also may be more difficult to value.

For purposes of the Fund's credit quality policies, if a security receives different ratings from two or more NRSROs, the Fund will use the rating chosen by the Portfolio Managers as most representative of the security's credit quality. The ratings of NRSROs represent their opinions as to the quality of the securities that they undertake to rate and may not accurately describe the risks of the securities. An NRSRO may have a conflict of interest with respect to a security for which it assigns a quality rating. In addition, there may be a delay between a change in the credit quality of a security or other asset and a change in the quality rating assigned to the security or other asset by an NRSRO. If an NRSRO changes the quality rating assigned to one or more of the Fund's portfolio securities, the Sub-Adviser will consider if any action is appropriate in light of the Fund's investment objectives and strategies. An investor can still lose significant amounts when investing in investment grade securities.

Other investments

Mortgage-backed and other asset-backed securities

The Fund may invest in mortgage-backed and asset-backed securities in addition to CLOs. Mortgage-backed securities may be issued by private issuers, by government-sponsored entities such as Fannie Mae (formally known as the Federal National Mortgage Association) or Freddie Mac (formally known as the Federal Home Loan Mortgage Corporation) or by agencies of the U.S. Government, such as the Government National Mortgage Association ("Ginnie Mae"). Mortgage-backed securities represent direct or indirect participations in, or are collateralized by and payable from, mortgage loans secured by real property.

Unlike mortgage-backed securities issued or guaranteed by the U.S. Government or certain government-sponsored entities, mortgage-backed securities issued by private issuers do not have a government or government-sponsored entity guarantee (but may have other credit enhancement), and may, and frequently do, have less favorable collateral, credit risk or other underwriting characteristics.

Asset-backed securities represent participations in, or are secured by and payable from, assets such as installment sales or loan contracts, leases, credit card receivables and other categories of receivables.

Collateralized mortgage obligations ("CMOs") are debt obligations collateralized by mortgage loans or mortgage pass-through securities. CMOs are a type of mortgage-backed security. Typically, CMOs are collateralized by Ginnie Mae, Fannie Mae or Freddie Mac Certificates, but may also be collateralized by whole loans or private pass-throughs (referred to as "Mortgage Assets"). Payments of principal and of interest on the Mortgage Assets, and any reinvestment income thereon, provide the Fund with income to pay debt service on the CMOs. In a CMO, a series of bonds or certificates is issued in multiple classes. Each class of CMOs, often referred to as a "tranche," is issued at a specified fixed or floating coupon rate and has a stated maturity or final distribution date. Principal prepayments on the Mortgage Assets may cause the CMOs to be retired substantially earlier than their stated maturities or final distribution dates. Interest is paid or accrues on all classes of the CMOs on a monthly, quarterly or semi-annual basis. The principal of and interest on the Mortgage Assets may be allocated among the several classes of a series of a CMO in innumerable ways. As market conditions change, and particularly during periods of rapid or unanticipated changes in market interest rates, the attractiveness of the CMO classes and the ability of the structure to provide the anticipated investment characteristics may be significantly reduced. Such changes can result in volatility in the market value, and in some instances reduced liquidity, of the CMO class.

Collateralized debt obligations ("CDOs") are a type of asset-backed security. CDOs include collateralized bond obligations ("CBOs"), CLOs and other similarly structured securities. A CBO is a trust or other special purpose entity which is typically backed by a diversified pool of fixed income securities (which may include high risk, below investment grade securities). CDOs generally issue separate series or "tranches" which vary with respect to risk and yield. These tranches can experience substantial losses due to actual defaults, increased sensitivity to defaults due to collateral default and disappearance of subordinate tranches, market anticipation of defaults, as well as investor aversion to CDO securities as a class. Interest on certain tranches of a CDO may be paid in kind (paid in the form of obligations of the same type rather than cash), which involves continued exposure to default risk with respect to such payments. The Fund expects to primarily invest in CDOs based on bank loans, including syndicated bank debt, senior secured loans, floating rate notes and leveraged loans.

Corporate debt

Corporate debt securities are fixed income securities usually issued by businesses to finance their operations. Various types of business entities may issue these securities, including corporations, trusts, limited partnerships, limited liability companies and other types of non-governmental legal entities. Notes, bonds, debentures and commercial paper are the most common types of corporate debt securities, with the primary difference being their maturities and secured or unsecured status. Commercial paper has the shortest term and is usually unsecured. The broad category of corporate debt securities includes debt issued by U.S. or foreign companies of all kinds, including those with small, mid and large capitalizations. Corporate debt may carry variable or floating rates of interest.

U.S. Government obligations

The Fund may invest in U.S. Government obligations. U.S. Government obligations include U.S. Treasury obligations and other obligations of, or guaranteed by, the U.S. Government, its agencies or government-sponsored entities. Although the U.S. Government guarantees principal and interest payments on securities issued by the U.S. Government and some of its agencies, such as securities issued by Ginnie Mae, this guarantee does not apply to losses resulting from declines in the market value of these securities. U.S. Government obligations include zero coupon securities that make payments of interest and principal only upon maturity and which therefore tend to be subject to greater volatility than interest bearing securities with comparable maturities.

Some of the U.S. Government securities that the Fund may hold are not guaranteed or backed by the full faith and credit of the U.S. Government, such as those issued by Fannie Mae and Freddie Mac. The maximum potential liability of the issuers of some U.S. Government obligations may greatly exceed their current resources, including any legal right to support from the U.S. Government.

Non-U.S. investments

The Fund may invest without limit in securities of non-U.S. issuers, including securities of emerging market issuers. Non-U.S. issuers are issuers that are organized and have their principal offices outside of the United States. Non- U.S. securities may be issued by non-U.S. governments, banks or corporations, or private issuers, and certain supranational organizations, such as the World Bank and the European Union. The Fund expects that a majority of its investments in CLOs will consist of securities of non-U.S. issuers.

Defaulted securities

The Fund may invest in defaulted securities. The risk of loss due to default may be considerably greater with lower-quality securities because they are generally unsecured and are often subordinated to other debt of the issuer. Investing in defaulted debt securities involves risks such as the possibility of complete loss of the investment where the issuer does not restructure to enable it to resume principal and interest payments. If the issuer of a security in the Fund's portfolio defaults, the Fund may have unrealized losses on the security, which may lower the Fund's NAV. Defaulted securities tend to lose much of their value before they default. Thus, the Fund's NAV may be adversely affected before an issuer defaults. In addition, the Fund may incur additional expenses if it must try to recover principal or interest payments on a defaulted security.

Distressed securities

While the Fund does not intend to acquire distressed securities, the Fund may continue to hold leveraged loans and other debt instruments that were not distressed at the time of investment during periods of market dislocation or in instances where the issuers of such instruments experience some level of financial or business distress (including undergoing bankruptcy or other reorganization or liquidation proceedings) such that the instruments held by the Fund may be deemed distressed securities. Distressed securities may involve a substantial degree of risk. In certain periods, there may be little or no liquidity in the markets for these securities or instruments. In addition, the prices of such securities or instruments may be subject to periods of abrupt and erratic market movements and above-average price volatility. It may be more difficult to value such securities and the spread between the bid and ask prices of such securities may be greater than normally expected. If the Advisor's evaluation of the risks and anticipated outcome of an investment in a distressed security should prove incorrect, the Fund may lose a substantial portion or all of its investment or the Fund may be required to accept cash or securities with a value less than its original investment.

Certificates of deposit, bankers' acceptances and time deposits

The Fund may acquire certificates of deposit, bankers' acceptances and time deposits. Certificates of deposit are negotiable certificates issued against funds deposited in a commercial bank for a definite period of time and earning a specified return. Bankers' acceptances are negotiable drafts or bills of exchange, normally drawn by an importer or exporter to pay for specific merchandise, which are "accepted" by a bank, meaning in effect that the bank unconditionally agrees to pay the face value of the instrument on maturity. Certificates of deposit and bankers' acceptances acquired by the Fund will be dollar-denominated obligations of domestic banks, savings and loan associations or financial institutions at the time of purchase, have capital, surplus and undivided profits in excess of $100 million (including assets of both domestic and foreign branches), based on latest published reports, or less than $100 million if the principal amount of such bank obligations are fully insured by the U.S. Government. In addition to purchasing certificates of deposit and bankers' acceptances, to the extent permitted under the Fund's investment objectives and policies, the Fund may make interest-bearing time or other interest-bearing deposits in commercial or savings banks. Time deposits are non-negotiable deposits maintained at a banking institution for a specified period of time at a specified interest rate.

Equity securities

Equity securities include common stocks, warrants and rights, as well as "equity equivalents" such as preferred stocks and securities convertible into common stock. The equity securities in which the Fund invests may be publicly or privately offered. Preferred stocks generally pay a dividend and rank ahead of common stocks and behind debt securities in claims for dividends and for assets of the issuer in a liquidation or bankruptcy. The dividend rate of preferred stocks may cause their prices to behave more like those of debt securities. A convertible security is one that can be converted into or exchanged for common stock of an issuer within a particular period of time at a specified price, upon the occurrence of certain events or according to a price formula.

Convertible securities offer the Fund the ability to participate in equity market movements while also seeking some current income. Convertible debt securities pay interest and convertible preferred stocks pay dividends until they mature or are converted, exchanged or redeemed. The Fund considers some convertible securities to be "equity equivalents" because they are convertible into common stock. The credit ratings of those convertible securities generally have less impact on the investment decision, although they may still be subject to credit and interest rate risk.

Small and medium capitalization companies

The Fund may invest in companies with small or medium capitalizations. Smaller and medium capitalization securities can be more volatile than, and perform differently from, larger capitalization securities. There may be less trading in a smaller or medium company's securities, which means that buy and sell transactions in those securities could have a larger impact on the securities' price than is the case with larger company securities. Smaller and medium company securities may be particularly sensitive to changes in interest rates, borrowing costs and earnings. Smaller and medium companies may have fewer business lines; changes in any one line of business, therefore, may have a greater impact on the price of a smaller and medium company's securities than is the case for a larger company. As a result, the purchase or sale of more than a limited number of securities of a small and medium company may affect its market price. The Fund may need a considerable amount of time to purchase or sell its positions in these securities. In addition, smaller or medium company securities may not be well known to the investing public.

Reverse repurchase agreements and borrowing

The Fund may enter into reverse repurchase agreements pursuant to which the Fund transfers securities to a counterparty in return for cash, and the Fund agrees to repurchase the securities at a later date and generally for a higher price. Reverse repurchase agreements are treated as borrowings by the Fund, are a form of leverage and may make the value of an investment in the Fund more volatile and increase the risks of investing in the Fund. The Fund also may borrow money from banks or other lenders, including to finance repurchase requests. Entering into reverse repurchase agreements and other borrowing transactions may cause the Fund to liquidate positions when it may not be advantageous to do so in order to satisfy its obligations or to meet segregation or coverage requirements.

Repurchase agreements

The Fund may enter into repurchase agreements with broker-dealers, member banks of the Federal Reserve System and other financial institutions. Repurchase agreements are arrangements under which the Fund purchases securities and the seller agrees to repurchase the securities within a specific time and at a specific price. The repurchase price is generally higher than the Fund's purchase price, with the difference being income to the Fund. A repurchase agreement may be considered a loan by the Fund collateralized by securities. Under the direction of the Board of Trustees (the "Board"), the Adviser reviews and monitors the creditworthiness of any institution which enters into a repurchase agreement with the Fund. All repurchase agreements entered into by the Fund shall be fully collateralized with U.S. Treasury and/or agency obligations at all times during the period of the agreement in that the value of the collateral shall be at least equal to an amount of the loan, including interest thereon. Collateral is held by the Fund's custodian in a segregated safekeeping account for the benefit of the Fund. Repurchase agreements afford the Fund an opportunity to earn income on temporarily available cash. In the event of commencement of bankruptcy or insolvency proceedings with respect to the seller of the security before repurchase of the security under a repurchase agreement, the Fund may encounter delay and incur costs before being able to sell the security. Such a delay may involve loss of interest or a decline in price of the security. If the court characterizes the transaction as a loan and the Fund has not perfected a security interest in the collateral, the Fund may be required to return the collateral to the seller's estate and be treated as an unsecured creditor of the seller. As an unsecured creditor, the Fund would be at risk of losing some or all of the principal and interest involved in the transaction.

Cash management and temporary investments

Normally, the Fund invests substantially all of its assets to meet its investment objectives. The Fund may invest the remainder of its assets in securities with remaining maturities of less than one year or cash equivalents, or may hold cash. For temporary defensive purposes, including during periods of unusual cash flows, the Fund may depart from its principal investment strategies and invest part or all of its assets in these securities or may hold cash. To the extent that the Fund has any uninvested cash, the Fund would also be subject to risk with respect to the depository institution holding the cash. During such periods, it may be more difficult for the Fund to achieve its investment objectives. The Fund may adopt a defensive strategy when the Sub-Adviser believes securities in which the Fund normally invests have special or unusual risks or are less attractive due to adverse market, economic, political or other conditions.

Short-term trading

The Fund usually does not trade for short-term profits. The Fund will sell an investment, however, even if it has only been held for a short time, if it no longer meets the Fund's investment criteria. If the Fund does a lot of trading, it may incur additional operating expenses, which would reduce performance, and could cause shareowners to incur a higher level of taxable income or capital gains.

RISK FACTORS

Risk is inherent in all investing. Investing in any investment company security involves risk, including the risk that you may receive little or no return on your investment. Therefore, before purchasing shares of the Fund, you should consider carefully the following risks that you assume when you invest in the Fund.

PRINCIPAL RISKS

General

The Fund is a non-diversified, closed-end management investment company designed primarily as a long-term investment and not as a trading tool. The Fund is not a complete investment program and should be considered only as an addition to an investor's existing portfolio of investments. Due to uncertainty inherent in all investments, there can be no assurance that the Fund will achieve its investment objectives. In addition, even though the Fund makes periodic offers to repurchase a portion of its outstanding shares to provide some liquidity to shareholders, shareholders should consider the Fund to be an illiquid investment.

Non-diversification risk

The Fund is classified as "non-diversified," which means that it may invest a larger percentage of its assets in the securities of a smaller number of issuers than a diversified fund. Being non-diversified may magnify the Fund's losses from adverse events affecting a particular issuer, and the value of its shares may be more volatile than if it invested more widely. To the extent the Fund invests its assets in a smaller number of issuers, the Fund will be more susceptible to negative events affecting those issuers than a diversified fund.

Debt securities risks

The value of debt securities may go up or down, sometimes rapidly and unpredictably, due to general market conditions, such as real or perceived adverse economic or political conditions, inflation, changes in interest rates, governmental actions or intervention, market disruptions caused by trade disputes or other factors, lack of liquidity in the bond markets or adverse investor sentiment. In addition, the value of a debt security may decline if the issuer or other obligor of the security fails to pay principal and/or interest, otherwise defaults or has its credit rating downgraded or is perceived to be less creditworthy, or the credit quality or value of any underlying assets declines. If the value of debt securities owned by the Fund fall, the value of your investment will go down. Below investment grade, high-yield debt securities (commonly known as "junk bonds") have a higher risk of default and are considered speculative. Subordinated securities are more likely to suffer a credit loss than non-subordinated securities of the same issuer and will be disproportionately affected by a default, downgrade or perceived decline in creditworthiness.

The Fund has a broad mandate with respect to the type and nature of debt investments in which it may participate. While some of the debt securities in which the Fund invests may be secured, the Fund also may invest in debt securities that are either unsecured and subordinated to substantial amounts of senior indebtedness, or a significant portion of which may be unsecured. In such instances, the ability of the Fund to influence an issuer's affairs, especially during periods of financial distress or following an insolvency is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the debt or other exercises by the Fund of its rights as a creditor. Accordingly, the Fund may not be able to take the steps necessary to protect its investments in a timely manner or at all. In addition, the debt securities in which the Fund invests may not be protected by financial covenants or limitations upon additional indebtedness, may have limited liquidity and may not be rated by a credit rating agency.

Creditors of loans constituting the Fund's assets may seek the protections afforded by bankruptcy, insolvency and other debtor relief laws. Bankruptcy proceedings are unpredictable. Additionally, the numerous risks inherent in the insolvency process create a potential risk of loss by the Fund of its entire investment in any particular investment.

Insolvency laws may, in certain jurisdictions, result in a restructuring of the debt without the Fund's consent under the "cramdown" provisions of applicable insolvency laws and may also result in a discharge of all or part of the debt without payment to the Fund.

Debt securities are also subject to other risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance," (ii) the recovery of liens perfected or payments made on account of a debt in the period before an insolvency filing as a "preference," (iii) equitable subordination claims by other creditors, (iv) so called "lender liability" claims by the issuer of the obligations, and (v) environmental liabilities that may arise with respect to collateral securing the obligations. Additionally, adverse credit events with respect to any issuer, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership, or distressed exchange, can significantly diminish the value of the Fund's investment in any such company. The Fund's investments in debt securities may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Fund earlier than expected. Accordingly, there can be no assurance that the Fund's investment objectives will be realized.

Interest rate risk

The market prices of securities may fluctuate significantly when interest rates change. When interest rates rise, the value of debt (i.e., fixed income) securities generally falls. Interest rates in the U.S. have been historically low, so the Fund faces a risk that interest rates may rise. Continued economic recovery, the end of the Federal Reserve Board's quantitative easing program, and an increased likelihood of a rising interest rate environment increase the risk that interest rates will continue to rise in the near future. A general rise in interest rates may cause investors to move out of debt securities on a large scale, which could adversely affect the price and liquidity of debt securities. A change in interest rates will not have the same impact on all debt securities. Generally, the longer the maturity (i.e., measure of time remaining until the final payment on a security) or duration (i.e., measure of the underlying portfolio's price sensitivity to changes in prevailing interest rates) of a debt security, the greater the impact of a rise in interest rates on the security's value. For example, if interest rates increase by 1%, the value of a fund's portfolio with a portfolio duration of ten years would be expected to decrease by 10%, all other things being equal. In addition, different interest rate measures (such as short- and long-term interest rates and U.S. and foreign interest rates), or interest rates on different types of securities or securities of different issuers, may not necessarily change in the same amount or in the same direction.

Although CLOs are generally structured to mitigate the risk of interest rate mismatch, there may be some difference between the timing of interest rate resets on the assets and liabilities of a CLO. Such a mismatch in timing could have a negative effect on the amount of funds distributed to CLO investors. In addition, CLOs may not be able to enter into hedge agreements, even if it may otherwise be in the best interests of the CLO to hedge such interest rate risk.

Rising interest rates can lead to increased default rates in CLOs and for floating rate securities as payment obligations increase. Unlike fixed rate securities, floating rate securities generally will not increase in value if interest rates decline. Changes in interest rates also will affect the amount of interest income the Fund earns on its CLO and floating rate investments.

Credit risk

If an issuer or guarantor of a security held by the Fund or a counterparty to a financial contract with the Fund defaults on its obligation to pay principal and/ or interest, has its credit rating downgraded or is perceived to be less creditworthy, or the credit quality or value of any underlying assets declines, the value of your investment will decline. In addition, the Fund may incur expenses and may be hindered or delayed in enforcing its rights against an issuer, obligor or counterparty. A security may change in price for a variety of reasons. For example, floating rate securities may have final maturities of ten or more years, but their effective durations will tend to be very short. If there is an adverse credit event, or a perceived change in the issuer's creditworthiness, these securities could experience a far greater negative price movement than would be predicted by the change in the security's yield in relation to their effective duration. The Fund evaluates the credit quality of issuers and counterparties prior to investing in securities. Credit risk is broadly gauged by the credit ratings of the securities in which the Fund invests. However, ratings are only the opinions of the companies issuing them and are not guarantees as to quality. Securities rated in the lowest category of investment grade (Baa/BBB) may possess certain speculative characteristics. Credit risk is typically greatest for high yield debt securities ("junk" bonds), which are rated below the Baa/BBB categories or unrated securities of comparable credit quality.

Prepayment or call risk

Many issuers have a right to prepay their securities. If interest rates fall, an issuer may exercise this right. If this happens, the Fund would be forced to reinvest prepayment proceeds at a time when yields or securities available in the market are lower than the yield on the prepaid security. The Fund may also lose any premium it paid on the security.

Extension risk

When interest rates rise, repayments of debt securities, particularly asset- and mortgage-backed securities, may occur more slowly than anticipated, extending the effective duration of these debt securities at below market interest rates and causing their market prices to decline more than they would have declined due to the rise in interest rates alone. This may cause the Fund's NAV to be more volatile.

Risks relating to collateralized loan obligations

In the case of most CLOs, the structured finance securities are issued in multiple tranches, offering investors various maturity and credit risk characteristics, often categorized as senior, mezzanine and subordinated/equity according to their degree of risk. If there are defaults or the relevant collateral otherwise underperforms, scheduled payments to senior tranches of such securities take precedence over those of mezzanine tranches, and scheduled payments to mezzanine tranches have a priority in right of payment to subordinated/equity tranches. CLOs may therefore present risks similar to those of other types of debt obligations and, in fact, such risks may be of greater significance in the case of CLOs depending upon the Fund's ranking in the capital structure. Investments in structured vehicles, including equity and junior debt tranches of CLOs, involve risks, including credit risk and market risk. Changes in interest rates and credit quality may cause significant price fluctuations.

In addition to the general risks associated with investing in debt securities, CLO securities carry additional risks, including: (i) the possibility that distributions from collateral assets will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) investments in CLO equity and junior debt tranches will likely be subordinate in right of payment to other senior classes of CLO debt; and (iv) the complex structure of a particular security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results. Additionally, changes in the collateral held by a CLO may cause payments on the instruments held by the Fund to be reduced, either temporarily or permanently. CLOs also may be subject to prepayment risk. Further, the performance of a CLO may be adversely affected by a variety of factors, including the security's priority in the capital structure of the issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets. There are also the risks that the trustee of a CLO does not properly carry out its duties to the CLO, potentially resulting in loss to the CLO.

The complex structure of CLO securities may produce unexpected investment results, especially during times of market stress or volatility. The complexity of CLOs and related investments gives rise to the risk that investors, parties involved in their creation and issuance, and other parties with an interest in them may not have the same understanding of how these investments behave, or the rights that the various interested parties have with respect to them. Furthermore, the documents governing these investments may contain some ambiguities that are subject to differing interpretations. Even in the absence of such ambiguities, if a dispute were to arise concerning these instruments, there is a risk that a court or other tribunal might not fully understand all aspects of these investments and might rule in a manner contrary to both the terms and the intent of the documents. Therefore, the Fund cannot be fully assured that it will be able to enjoy all of the rights that it expects to have when it invests in CLOs and related investments.

Investing in securities of CLOs involves the possibility of investments being subject to potential losses arising from material misrepresentation or omission on the part of borrowers whose loans make up the assets of such entities. Such inaccuracy or incompleteness may adversely affect the valuation of the receivables or may adversely affect the ability of the relevant entity to perfect or effectuate a lien on the collateral securing its assets. The CLOs in which the Fund invests will rely upon the accuracy and completeness of representations made by the underlying borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness. The quality of the Fund's investments in CLOs is subject to the accuracy of representations made by the underlying borrowers and issuers. In addition, the Fund is subject to the risk that the systems used by the originators of CLOs to control for accuracy are defective. Under certain circumstances, payments to the Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

CLOs typically will have no significant assets other than the assets underlying such CLOs, including, but not limited to, secured loans, leveraged loans, project finance loans, unsecured loans, cash collateralized letters of credit and other asset-backed obligations, and/or instruments (each of which may be listed or unlisted and in bearer or registered form) that serve as collateral. Payments on the CLO securities are and will be payable solely from the cash flows from the collateral, net of all management fees and other expenses.

The failure by a CLO in which the Fund invests to satisfy financial covenants, including with respect to adequate collateralization and/or interest coverage tests, could lead to a reduction in its payments to the Fund. In the event that a CLO fails certain tests, holders of CLO senior debt may be entitled to additional payments that would, in turn, reduce the payments the Fund would otherwise be entitled to receive. Separately, the Fund may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting CLO or any other investment the Fund may make. If any of these occur, it could materially and adversely affect the Fund's returns.

The leveraged nature of CLOs magnifies the adverse impact of loan defaults. CLO investments represent a leveraged investment with respect to the underlying loans. As a result, changes in the market value of the CLO investments could be greater than the change in the market value of the underlying loans (which are subject to credit, liquidity and interest rate risk) and any event that negatively impacts an underlying investment could result in a substantial loss that would not be as substantial if the investment were not leveraged. The leverage varies depending on the seniority of the tranche. Equity tranches typically have leverage in excess of ten times.

The loans or bonds underlying CLOs typically have floating interest rates. A rising interest rate environment may increase loan defaults, resulting in losses for the CLOs and the Fund. Further, a general rise in interest rates will increase the financing costs of the CLOs. However, since many of the senior secured loans within a CLO have LIBOR floors, there may not be corresponding increases in investment income constraining distributions to investors in the CLO.

The CLO equity and junior debt tranches that the Fund acquires will be subordinated to, and will rank behind, more senior tranches of CLO debt. As such, CLO equity and junior debt tranches are subject to increased risks of default and greater risk of loss of all or a portion of their value relative to the holders of superior priority interests in the same CLO. In addition, at the time of issuance, CLO equity tranches are typically under-collateralized in that the liabilities of a CLO at inception frequently exceed its total assets. The Fund expects to often be in a first loss or subordinated position with respect to realized losses on the assets of the CLOs in which it is invested.

If an event of default occurs under an indenture, loan agreement or other document governing a fund investment, the holders of a majority of the most senior class of outstanding notes or loans issued by such investment generally will be entitled to determine the remedies to be exercised under the indenture, loan agreement or other governing document. These remedies, which may include the sale and liquidation of the assets underlying the investment, could be adverse to the interests of the Fund in CLO equity or junior debt tranches. As a holder of an investment in CLO equity or junior debt tranches, the Fund typically will have no rights under the indenture, loan agreement or other document governing an investment and will not be able to exercise any remedies following an event of default as long as any more senior notes or loans are outstanding, nor will the Fund receive any payments after an event of default until the more senior notes or loans and certain other amounts have been paid in full.

Between the closing date and the effective date of a CLO, the CLO collateral manager will generally expect to purchase additional collateral obligations for the CLO. During this period, the price and availability of these collateral obligations may be adversely affected by a number of market factors, including price volatility and availability of investments suitable for the CLO, which could hamper the ability of the collateral manager to acquire a portfolio of collateral obligations that will satisfy specified concentration limitations and allow the CLO to reach the target initial par amount of collateral prior to the effective date. An inability or delay in reaching the target initial par amount of collateral may adversely affect the timing and amount of interest or principal payments received by the holders of the CLO debt securities and distributions on the CLO equity securities and could result in early redemptions which may cause CLO debt and equity investors to receive less than face value of their investment.

CLOs typically obtain financing at a floating rate based on LIBOR. Regulators and law-enforcement agencies from a number of governments, including entities in the United States, Japan, Canada and the United Kingdom, have conducted or are conducting civil and criminal investigations into whether the banks that contribute to the British Bankers' Association (the "BBA") in connection with the calculation of daily LIBOR may have been under-reporting or otherwise manipulating or attempting to manipulate LIBOR. Several financial institutions have reached settlements with the U.S. Commodity Futures Trading Commission (the "CFTC"), the U.S. Department of Justice Fraud Section and the United Kingdom Financial Services Authority in connection with investigations by such authorities into submissions made by such financial institutions to the bodies that set LIBOR and other interbank offered rates. In such settlements, such financial institutions admitted to submitting rates to the BBA that were lower than the actual rates at which such financial institutions could borrow funds from other banks. Additional investigations remain ongoing with respect to other major banks. There can be no assurance that there will not be additional admissions or findings of rate-setting manipulation or that manipulations of LIBOR or other similar interbank offered rates will not be shown to have occurred.

On February 1, 2014, ICE Benchmark Administration Limited (formerly NYSE Euronext Rate Administration Limited) assumed the administration of LIBOR from the BBA. Any new administrator of LIBOR may make methodological changes to the way in which LIBOR is calculated or may alter, discontinue or suspend calculation or dissemination of LIBOR. Any of such actions or other effects from the ongoing investigations could adversely affect the liquidity and value of the Fund's investments. Further, additional admissions or findings of manipulation may decrease the confidence of the market in LIBOR and lead market participants to look for alternative, non-LIBOR based types of financing, such as fixed rate loans or bonds or floating rate loans based on non-LIBOR indices. An increase in alternative types of financing at the expense of LIBOR-based CLOs may impair the liquidity of the Fund's investments. Additionally, it may make it more difficult for CLO issuers to satisfy certain conditions set forth in a CLO's offering documents.

Plans are underway to phase out the use of LIBOR by the end of 2021. There remains uncertainty regarding the future utilization of LIBOR and the nature of any replacement rate. As such, the potential effect of any such event on the Fund or the financial instruments in which the Fund invests cost of capital and net investment income cannot yet be determined.

Risks related to warehousing

The Fund may use a portion of the net proceeds from the offering to purchase Warehouse Investments. A Warehouse Investment generally bears the risk that (i) the warehoused assets (typically primarily senior secured corporate loans) will drop in value during the warehousing period, (ii) certain of the warehoused assets default or for another reason are not permitted to be included in a CLO and a loss is incurred upon their disposition, and (iii) the anticipated CLO is delayed past the maturity date of the related Warehouse Facility or does not close at all, and, in either case, losses are incurred upon disposition of all of the warehoused assets. In the case of (iii), a particular CLO may not close for many reasons, including as a result of a market-wide material adverse change, a manager-related material adverse change or the discretion of the manager or the underwriter.

There can be no assurance that a CLO related to each such Warehouse Investment will be consummated. In the event a planned CLO is not consummated, the Warehouse investors (which may include the Fund) may be responsible for either holding or disposing of the warehoused assets. Because leverage is typically utilized in Warehouses, the potential risk of loss will be increased for the Warehouse investors. This could expose the Fund to losses, including in some cases a complete loss of all capital invested in the Warehouse Investment.

The Fund may be an investor in Warehouse Investments, and also an investor in CLOs that acquire Warehouse assets, including from Warehouses in which any of the Fund, other clients of the Sub-Adviser or the Sub-Adviser has directly or indirectly invested. This involves certain conflicts and risks.

The Warehouse Investments represent leveraged investments in the underlying assets of a Warehouse. Therefore, the NAV of a Warehouse Investment is anticipated to be affected by, among other things, (i) changes in the market value of the underlying assets of the Warehouse; (ii) distributions, defaults, recoveries, capital gains, capital losses and prepayments on the underlying assets of the Warehouse; and (iii) the prices, interest rates and availability of eligible assets for reinvestment. Due to the leveraged nature of a Warehouse Investment, a significant portion (and in some circumstances all) of the Warehouse Investments made by the Fund may not be repaid.

Risk Retention Vehicle risks

The Fund may elect to invest in Risk Retention Vehicles. Given the relatively recent adoption of the U.S. retention requirements and the European retention requirements, there can be no guarantee that a liquid market in Risk Retention Vehicle interests will develop or be sustained or that such interests will trade at prices close to their NAVs, nor can there be any guarantee that such structures will satisfy the applicable U.S. retention requirements and/or European retention requirements. In addition, due to, inter alia, the evolving regulatory environment, there may be a limited number of holders of interests in any one Risk Retention Vehicle, which may mean that there is limited liquidity in such interests which may affect: (i) a holder's (including the Fund's) ability to realize some or all of their investment; (ii) the price at which a holder (including the Fund) can effect such realization; and/or (iii) the price at which such interests trade in the secondary market; accordingly, the Fund may be unable to realize its investment in Risk Retention Vehicles at such investment's NAV or at all. Moreover, no indenture is likely to govern the Risk Retention Vehicles, and there are likely to be limited protections and no diversification requirements governing the investments held by the Risk Retention Vehicles.

In addition, Risk Retention Vehicles complying with the European retention requirements will, in addition to CLO equity and mezzanine tranches and Warehouse Investments, hold other investments directly, such as corporate loans and secured bonds, and will therefore be subject to the risks related to such investments.

Risks of holding a minority position

The Fund may hold a non-controlling interest in any CLO issuer, Warehouse Investment or Risk Retention Vehicle and, therefore, in such case, would have limited voting power with respect to such interest and the underlying assets and a limited ability to influence the management of any such investment. For example, one or more other holders of CLO equity may control the vote of the CLO equity in the underlying CLO, which typically includes the ability to cause the underlying CLO to optionally redeem (following the expiration of applicable noncall periods) its CLO securities, including its CLO equity and mezzanine tranches, to refinance certain tranches of its CLO securities and to make other material decisions that may affect the value of the CLO equity and mezzanine tranches, which could adversely impact returns to investors in the Fund.

Risk of limited transparency of investments

The Fund's investments in CLO vehicles and other investments may be riskier and less transparent to the Adviser, the Sub-Adviser, the Fund and fund investors than direct investments in the underlying companies. There may be less information available to the Adviser and Sub-Adviser regarding the underlying debt investments held by certain CLO vehicles than if the Fund had invested directly in the debt of the underlying companies. In particular, the collateral manager may have no obligation to keep the Adviser, the Sub-Adviser or the Fund (or other holders of investments) informed as to matters relating to the collateral obligations, with limited exceptions. Particularly in the case of CLOs managed by parties other than CIFC, the Sub-Adviser is unlikely to know the details of the underlying assets of the CLO vehicles in which the Fund invests.

In addition, the accounting and tax implications of the investments are complicated. In particular, reported earnings from the equity tranches of CLO issuers are recorded under generally accepted accounting principles based upon a constant yield calculation. Current taxable earnings on these investments, however, will generally not be determinable until after the end of the fiscal year of each individual issuer that ends within the Fund's fiscal year, even though the investments are generating cash flow. In general, the tax treatment of these investments may result in higher distributable earnings taxable as ordinary income in the initial years of an investment in a CLO issuer and a capital loss at maturity, while for other reporting purposes the totality of cash flows is reflected in a constant yield to maturity.

Structured investments risk

The Fund may invest in structured products, including, structured notes, credit-linked notes and other types of structured products. Holders of structured products bear risks of the underlying investments, index or reference obligation and are subject to counterparty risk. The Fund may have the right to receive payments only from the structured product, and generally does not have direct rights against the issuer or the entity that sold the assets to be securitized. While certain structured products enable the investor to acquire interests in a pool of securities without the brokerage and other expenses associated with directly holding the same securities, investors in structured products generally pay their share of the structured product's administrative and other expenses. Although it is difficult to predict whether the prices of indices and securities underlying structured products will rise or fall, these prices (and, therefore, the prices of structured products) are generally influenced by the same types of political and economic events that affect issuers of securities and capital markets generally. If the issuer of a structured product uses shorter term financing to purchase longer term securities, the issuer may be forced to sell its securities at below market prices if it experiences difficulty in obtaining such financing, which may adversely affect the value of the structured products owned by the Fund. Structured products generally entail risks associated with derivative instruments. Structured instruments may behave in ways not anticipated by the Fund, or they may not receive tax, accounting or regulatory treatment anticipated by the Fund.

Risks of subordinated securities

A holder of securities that are subordinated or "junior" to more senior securities of an issuer is entitled to payment after holders of more senior securities of the issuer. Subordinated securities are more likely to suffer a credit loss than non-subordinated securities of the same issuer, any loss incurred by the subordinated securities is likely to be proportionately greater, and any recovery of interest or principal may take more time. As a result, even a perceived decline in creditworthiness of the issuer is likely to have a greater impact on them.

Floating rate instrument risks

Floating rate loans and similar investments may be illiquid or less liquid than other investments. Market quotations for these securities may be volatile and/or subject to large spreads between bid and ask prices. No active trading market may exist for many floating rate loans, and many loans are subject to restrictions on resale. Any secondary market may be subject to irregular trading activity and extended trade settlement periods. In particular, loans may take longer than seven days to settle, potentially leading to the sale proceeds of loans not being available to meet redemptions for a substantial period of time after the sale of the loans. To the extent that sale proceeds of loans are not available, the Fund may sell securities that have shorter settlement periods or may access other sources of liquidity to meet redemption requests. Loans may not be considered "securities," and purchasers, such as the Fund, therefore may not be entitled to rely on the anti-fraud protections afforded by federal securities laws.

Risks of inverse floating rate obligations

The interest rate on inverse floating rate obligations will generally decrease as short-term interest rates increase, and increase as short-term rates decrease. Due to their leveraged structure, the sensitivity of the market value of an inverse floating rate obligation to changes in interest rates is generally greater than a comparable long-term bond issued by the same issuer and with similar credit quality, redemption and maturity provisions. Inverse floating rate obligations may be volatile and involve leverage risk.

Below investment grade securities and unrated securities risk

Below investment grade debt securities, which are commonly called "junk" bonds, are rated below BBB- by S&P or Baa3 by Moody's, or have comparable ratings by another rating organization. Debt securities rated below investment grade, called "junk" bonds, are speculative, have a higher risk of default or are already in default, tend to be less liquid and are more difficult to value than higher grade securities. For example, under adverse market or economic conditions, the secondary market for junk bonds could contract further, independent of any specific adverse changes in the condition of a particular issuer, and certain securities in the Fund's portfolio may become illiquid or less liquid. As a result, the Fund could find it more difficult to sell these securities or may be able to sell these securities only at prices lower than if such securities were widely traded. Junk bonds tend to be volatile and involve a greater risk of default and their prices are generally more volatile and sensitive to actual or perceived negative developments, such as a decline in the issuer's revenues or revenues of underlying borrowers or a general economic downturn, than are the prices of higher grade securities. These risks are more pronounced for securities that are already in default. Debt securities in the lowest investment grade category also may be considered to possess some speculative characteristics by certain rating agencies. An economic downturn could severely affect the ability of issuers (particularly those that are highly leveraged) to service their debt obligations or to repay their obligations upon maturity.

Leveraging risk

The value of your investment may be more volatile and other risks tend to be compounded if the Fund borrows or when it has exposure to CLOs, structured instruments or other investments that have embedded leverage. Leverage generally magnifies the effect of any increase or decrease in the value of the Fund's underlying assets and creates a risk of loss of value on a larger pool of assets than the Fund would otherwise have, potentially resulting in the loss of all assets. Engaging in such transactions may cause the Fund to liquidate positions when it may not be advantageous to do so to satisfy its obligations or to meet segregation or coverage requirements. During periods in which the Fund is using leverage, the fees paid to the Adviser for its investment advisory services will be higher than if the Fund did not use leverage because the fees paid will be calculated on the basis of the Fund's average total assets.

Liquidity risk

Liquidity risk exists when particular investments are or become impossible or difficult to sell. Liquid investments may become illiquid after purchase by the Fund, particularly during periods of market turmoil. Markets may become illiquid when, for instance, there are few, if any, interested buyers or sellers or when dealers are unwilling or unable to make a market for certain securities. As a general matter, dealers recently have been less willing to make markets for fixed income securities. High-yield investments, including collateral held by CLOs in which the Fund invests, generally have limited liquidity. Other investments that the Fund may purchase in privately negotiated transactions may also be illiquid or subject to legal restrictions on their transfer. Recent federal banking regulations may also cause certain dealers to reduce their inventories of certain securities, which may further decrease the ability to buy or sell such securities. When the Fund holds illiquid investments, the portfolio may be harder to value, especially in changing markets, and if the Fund is forced to sell these investments to meet its cash needs, the Fund may suffer a substantial loss.

In addition, when there is illiquidity in the market for certain investments, the Fund, due to limitations on illiquid investments, may be unable to achieve its desired level of exposure to a certain sector. Further, certain securities, once sold, may not settle for an extended period (for example, several weeks or even longer). The Fund will not receive its sales proceeds until that time, which may constrain the Fund's ability to meet its obligations (including obligations to redeeming shareholders).

Valuation risk

The sales price the Fund could receive for any particular portfolio investment may differ from the Fund's valuation of the investment, particularly for securities that trade in thin or volatile markets, that are priced based upon valuations provided by third party pricing services that use matrix or evaluated pricing systems, or that are valued using a fair value methodology. These differences may increase significantly and affect fund investments more broadly during periods of market volatility. Investors who purchase shares or have their shares repurchased on days when the Fund is holding fair-valued securities may receive fewer or more shares or lower or higher proceeds than they would have received if the Fund had not fair-valued securities or had used a different valuation methodology. The Fund's ability to value its investments may be impacted by technological issues and/or errors by pricing services or other third party service providers.

When market quotations are not readily available or are deemed to be unreliable, the Fund values its investments at fair value as determined in good faith pursuant to policies and procedures approved by the Board. Fair value pricing may require subjective determinations about the value of a security or other asset. As a result, there can be no assurance that fair value pricing will result in adjustments to the prices of securities or other assets, or that fair value pricing will reflect actual market value, and it is possible that the fair value determined for a security or other asset will be materially different from quoted or published prices, from the prices used by others for the same security or other asset and/or from the value that actually could be or is realized upon the sale of that security or other asset.

Market risk

The market values of securities or other assets will fluctuate, sometimes sharply and unpredictably, due to changes in general market conditions, overall economic trends or local, regional or global events such as epidemics, pandemics or other public health issues, governmental actions or intervention, market disruptions caused by trade disputes or other factors, political developments, and other factors that may or may not be related to the issuer of the security or other asset. Adverse market conditions may be prolonged and may not have the same impact on all types of securities. Market prices of securities also may go down due to events or conditions that affect particular sectors, industries or issuers. When market prices fall, the value of your investment will go down. The Fund may experience a substantial or complete loss on any individual security.

In the past decade financial markets throughout the world have experienced increased volatility, depressed valuations, decreased liquidity and heightened uncertainty. Governmental and non-governmental issuers have defaulted on, or been forced to restructure, their debts. These conditions may continue, recur, worsen or spread. Events that have contributed to these market conditions include, but are not limited to, major cybersecurity events; geopolitical events (including wars and terror attacks); measures to address budget deficits; downgrading of sovereign debt; changes in oil and commodity prices; dramatic changes in currency exchange rates; and public sentiment.

U.S. and non-U.S. governments and central banks have provided significant support to financial markets, including by keeping interest rates at historically low levels. The Federal Reserve may lower or raise interest rates depending on its economic outlook which could impact fund performance. Certain non-U.S. governments and central banks have implemented or may implement so-called negative rates (e.g., charging depositors who keep their cash at a bank) to spur economic growth. Further Federal Reserve or other U.S. or non-U.S. governmental or central bank actions, including interest rate increases or contrary actions by different governments, could negatively affect financial markets generally, increase market volatility and reduce the value and liquidity of securities in which the fund invests.

Policy and legislative changes in the United States and in other countries and other events affecting global markets, such as the United Kingdom's expected exit from the European Union (or Brexit), are affecting many aspects of financial regulation and may in some instances contribute to decreased liquidity and increased volatility in the financial markets. The impact of these changes on the markets, and the practical implications for market participants, may not be fully known for some time.

Economies and financial markets throughout the world are increasingly interconnected. Economic, financial or political events, trading and tariff arrangements, terrorism, natural disasters and other circumstances in one country or region could have profound impacts on global economies or markets. As a result, whether or not the Fund invests in securities of issuers located in or with significant exposure to the countries directly affected, the value and liquidity of the Fund's investments may be negatively affected.

Events, including the spread of infectious illness or other public health issues such as global pandemics like COVID-19, may cause major disruption to economies and markets around the world, including the United States. During such events, financial markets may experience extreme volatility and severe losses, and trading in many instruments may be disrupted. Liquidity for many instruments, including those held by the Fund, may be greatly reduced for periods of time. These circumstances may continue for an extended period of time, and may continue to affect adversely the value and liquidity of the Fund's investments. Governments and central banks, including the Federal Reserve in the United States, may in response to such events take extraordinary and unprecedented actions to support local and global economies and the financial markets. These measures may result in significant expansion of public debt. The impact of any such measures, and whether they will be effective to mitigate the economic and market disruption of relevant events, may not be known for some time. The consequences of high public debt, including its future impact on the economy and securities markets, likewise may not be known for some time.

Regulatory risk

Legal, tax, and regulatory changes could occur and may adversely affect the Fund and its ability to pursue its investment strategies and/or increase the costs of implementing such strategies. New (or revised) laws or regulations may be imposed by the CFTC, the SEC, the U.S. Internal Revenue Service ("IRS"), the Federal Reserve or other banking regulators, other governmental regulatory authorities or self-regulatory organizations that supervise the financial markets that could adversely affect the Fund. In particular, these agencies are implementing a variety of new rules pursuant to financial reform legislation in the United States. The EU (and some other countries) is implementing similar requirements. The Fund also may be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these governmental regulatory authorities or self-regulatory organizations.

Reinvestment risk

Income from the Fund's portfolio will decline if and when the Fund invests the proceeds from matured, traded or called debt obligations at market interest rates that are below the portfolio's current earnings rate. For instance, during periods of declining interest rates, an issuer of debt obligations may exercise an option to redeem securities prior to maturity, forcing the Fund to invest in lower-yielding securities. The Fund also may choose to sell higher yielding portfolio securities and to purchase lower yielding securities to achieve greater portfolio diversification, because the portfolio managers believe the current holdings are overvalued or for other investment-related reasons. A decline in income received by the Fund from its investments is likely to have a negative effect on dividend levels and/or the Fund's NAV.

Management and operational risk

The Fund is subject to the risk that the Sub-Adviser's judgments and decisions may be incorrect or otherwise may not produce the desired results. The value of your investment may decrease if the Sub-Adviser's judgment about the quality, relative yield or value of, or market trends affecting, a particular security or issuer, industry, sector, region or market segment, or about the economy or interest rates, is incorrect. The Fund may also suffer losses if there are imperfections, errors or limitations in the quantitative, analytic or other tools, resources, information and data used, or the analyses employed or relied on, by the Sub-Adviser, if such tools, resources or data are used incorrectly, fail to produce the desired results or otherwise do not work as intended, or if the Sub-Adviser's allocation techniques or investment style are out of favor or otherwise fail to produce the desired results. The Fund's investment strategies designed by the Adviser and the Sub-Adviser may not work as intended. In addition, the Fund's investment strategies or policies may change from time to time. Those changes may not lead to the results intended by the Adviser or the Sub-Adviser and could have an adverse effect on the value or performance of the Fund. Any of these things could cause the Fund to lose value or its results to lag relevant benchmarks or other funds with similar objectives.

The Fund also is subject to the risk of loss as a result of other services provided by the Adviser, the Sub-Adviser and other service providers, including pricing, administrative, accounting, tax, legal, custody, transfer agency and other services.

Operational risk includes the possibility of loss caused by inadequate procedures and controls, human error and cyber-attacks, disruptions and failures affecting, or by, a service provider. For example, trading delays or errors (both human and systematic) could prevent the Fund from benefiting from potential investment gains or avoiding losses.

With the increased use of technologies and the dependence on computer systems to perform necessary business functions, investment companies (such as the Fund) and their service providers (including the Adviser) may be prone to operational and information security risks resulting from cyber-attacks and/or other technological malfunctions. In general, cyber-attacks are deliberate, but unintentional events may have similar effects.

Cyber-attacks include, among others, stealing or corrupting data maintained online or digitally, preventing legitimate users from accessing information or services on a website, releasing confidential information without authorization, and causing operational disruption. Successful cyber-attacks against, or security breakdowns of, the Fund, the Adviser, or the custodian, transfer agent, or other third-party service provider may adversely affect the Fund or its shareholders. For instance, cyber-attacks may interfere with the processing of shareholder transactions, affect the Fund's ability to calculate its NAV, cause the release of private shareholder information or confidential fund information, impede trading, cause reputational damage, and subject the Fund to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and additional compliance costs. While the Adviser has established business continuity plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified.

Focused investment risk

To the extent that the Fund focuses its investments in a particular industry, the value of the Fund's shares will be more susceptible to events or factors affecting companies in that industry. These may include, but are not limited to, governmental regulation, inflation, rising interest rates, cost increases in raw materials, fuel and other operating expenses, technological innovations that may render existing products and equipment obsolete, competition from new entrants, high research and development costs, increased costs associated with compliance with environmental or other regulation and other economic, market, political or other developments specific to that industry. Similarly, to the extent that the CLO vehicles in which the Fund invests have loan portfolios that are concentrated in a limited number of industries or borrowers, a downturn in such industries or with respect to such borrowers may subject the vehicles, and in turn the Fund, to a risk of significant loss and could significantly impact the aggregate returns the Fund realizes. If an industry in which a CLO vehicle is heavily exposed suffers from adverse business or economic conditions, the Fund's investment in that CLO vehicle could be affected adversely, which, in turn, could adversely affect the Fund's performance. Also, the Fund may invest a substantial portion of its assets in companies in related sectors that may share common characteristics, are often subject to similar business risks and regulatory burdens and whose securities may react similarly to the types of events and factors described above, which will subject the Fund to greater risk. The Fund is also subject to focused investment risk to the extent that it invests a substantial portion of its assets in a particular country or geographic region.

Repurchase offers risk

The Fund is operated as an "interval fund" and, in order to provide some liquidity to shareholders, the Fund, subject to applicable law, conducts quarterly repurchase offers of the Fund's outstanding shares at NAV subject to approval of the Board. In all cases such repurchases will be for at least 5% and not more than 25%, and are currently expected to be for 5%, of its outstanding shares at NAV, pursuant to Rule 23c-3 under the 1940 Act. The Fund believes that these repurchase offers are generally beneficial to the Fund's shareholders, and repurchases generally will be funded from available cash, borrowings or sales of portfolio securities. However, repurchase offers and the need to fund repurchase obligations may affect the ability of the Fund to be fully invested or force the Fund to maintain a higher percentage of its assets in liquid investments, which may harm the Fund's investment performance. Moreover, diminution in the size of the Fund through repurchases may result in untimely sales of portfolio securities (with associated imputed transaction costs, which may be significant), and may limit the ability of the Fund to participate in new investment opportunities or to achieve its investment objectives. If the Fund employed investment leverage, repurchases of shares would compound the adverse effects of leverage in a declining market. In addition, if the Fund borrows money to finance repurchases, interest on that borrowing will negatively affect shareholders who do not tender their shares by increasing fund expenses and reducing any net investment income. If a repurchase offer is oversubscribed, the Fund will repurchase the shares tendered on a pro rata basis, and shareholders will have to wait until the next repurchase offer to make another repurchase request. As a result, shareholders may be unable to liquidate all or a given percentage of their investment in the Fund during a particular repurchase offer. Some shareholders, in anticipation of proration, may tender more shares than they wish to have repurchased in a particular quarter, thereby increasing the likelihood that proration will occur. A shareholder may be subject to market and other risks, and the NAV of shares tendered in a repurchase offer may decline between the repurchase request deadline and the date on which the NAV for tendered shares is determined. In addition, the repurchase of shares by the Fund may be a taxable event to shareholders.

Borrowing risk

The Fund may borrow to meet repurchase requests or for investment purposes (i.e., to purchase additional portfolio securities). The Fund's borrowings may be on a secured or unsecured basis and at fixed or variable rates of interest. The Fund's ability to obtain leverage through borrowings is dependent upon its ability to establish and maintain an appropriate line of credit. The use of leverage, including through borrowings, will increase volatility of the Fund's investment portfolio and magnify the Fund's investment losses or gains. Borrowing will also cost the Fund interest expense and other fees. The cost of borrowing may reduce the Fund's return. In addition to any more stringent terms imposed by a lender, the 1940 Act requires a closed-end fund to maintain asset coverage of not less than 300% of the value of the outstanding amount of senior securities representing indebtedness (as defined in the 1940 Act) and generally requires a closed-end fund to make provision to prohibit the declaration of any dividend (except a dividend payable in stock of the Fund) or distribution on the Fund's stock or the repurchase of any of the Fund's stock, unless, at the time of the declaration or repurchase, there is asset coverage of at least 300% after deducting the amount of the dividend, distribution or purchase price, as the case may be. To satisfy 1940 Act requirements in connection with leverage or to meet obligations, the Fund may be required to dispose of portfolio securities when such disposition might not otherwise be desirable. There can be no assurances that the Fund's use of leverage will be successful.

LIBOR risk

Financial instruments, financings or other transactions to which the Fund may be a party use or may use a floating rate based on LIBOR. LIBOR is the offered rate at which major international banks can obtain wholesale, unsecured funding, and LIBOR may be available for different durations (e.g., 1 month or 3 months) and for different currencies. LIBOR may be a significant factor in determining the Fund's payment obligations under a derivative investment, the cost of financing to the Fund or an investment's value or return to the Fund, and may be used in other ways that affect the Fund's investment performance. In July 2017, the Financial Conduct Authority, the United Kingdom's financial regulatory body, announced that after 2021 it will cease its active encouragement of banks to provide the quotations needed to sustain LIBOR. That announcement suggests that LIBOR may cease to be published or utilized after that time. Various financial industry groups have begun planning for that transition, but there are obstacles to converting certain securities and transactions to a new benchmark. Transition planning is ongoing, and the effect of the transition process and its ultimate success cannot yet be determined. The transition process may lead to increased volatility and illiquidity in markets for instruments the terms of which are based on LIBOR. It could also lead to a reduction in the value of some LIBOR-based investments and reduce the effectiveness of new hedges placed against existing LIBOR-based investments. While some LIBOR-based instruments may contemplate a scenario in which LIBOR is no longer available by providing for an alternative rate-setting methodology and/or increased costs for certain LIBOR-related instruments or financing transactions, not all may have such provisions and there may be significant uncertainty regarding the effectiveness of any such alternative methodologies, resulting in prolonged adverse market conditions for the Fund. Since the usefulness of LIBOR as a benchmark could deteriorate during the transition period, these effects could occur prior to the end of 2021. The willingness and ability of issuers to include enhanced provisions in new and existing contracts or instruments also remains uncertain. Any of these factors may adversely affect the Fund's performance or NAV.

Expense risk

Your actual costs of investing in the Fund may be higher than the expenses shown in "Annual Fund Operating Expenses" for a variety of reasons. For example, expense ratios may be higher than those shown if overall net assets decrease or if an expense limitation is changed or not renewed. Net assets are more likely to decrease and the Fund's expense ratio is more likely to increase when markets are volatile.

Tax risk

As described in more detail later in this Prospectus under "Federal Income Tax Matters", in order to qualify for the favorable tax treatment generally available to regulated investment companies and avoid fund-level taxes, the Fund must distribute substantially all of its income to its shareholders. For U.S. federal income tax purposes, CLO issuers are typically treated as "passive foreign investment companies" ("PFICs") or "controlled foreign corporations" ("CFCs"). If the Fund makes an equity investment in a PFIC and does not make certain elections, the Fund may be subject to corporate income taxes and an interest charge on certain dividends and capital gains derived from such an investment. In addition, absent certain elections, gains on the sale of a PFIC investment are considered ordinary income regardless of how long the Fund held the investment. A "qualified electing fund election" or a "mark to market election" may ameliorate certain of these adverse tax consequences, but those elections require the Fund to recognize taxable income or gain (which the Fund generally must distribute), whether or not the Fund receives cash distributions from the PFIC in question. If the Fund holds (or is treated as holding) a sufficient portion of the equity interests in a foreign issuer, including a CLO equity tranche issuer, that issuer may be treated as a CFC with respect to the Fund, in which case the Fund will be required to take into account each year, as ordinary income, its share of certain portions of that issuer's income (which the Fund generally must distribute), whether or not the Fund receives cash distributions from the CFC. In order to meet the distribution requirements and avoid fund-level taxes in light of the Fund's PFIC and/or CFC investments, the Fund may have to dispose of portfolio securities (potentially resulting in the recognition of taxable gain or loss, and potentially under disadvantageous circumstances) to generate cash, or may have to borrow the cash.

If the Fund were to lose its status as a regulated investment company as a result of the failure to meet the distribution requirement, the Fund would generally be subject to entity-level tax in the same manner as an ordinary corporation, and distributions to its shareholders generally would not be deductible by the Fund in computing its taxable income. Even if the Fund meets its minimum distribution requirements, its undistributed income and gains will generally be subject to entity-level tax, which will reduce the Fund's returns.

OTHER RISKS

Mortgage-backed and asset-backed securities risk

The value of mortgage-related and asset-backed securities will be influenced by factors affecting the housing market and the assets underlying such securities. As a result, during periods of declining asset values, difficult or frozen credit markets, swings in interest rates, or deteriorating economic conditions, mortgage-related and asset-backed securities may decline in value, face valuation difficulties, become more volatile and/or become illiquid.

Mortgage-backed securities are particularly susceptible to prepayment and extension risks, because prepayments on the underlying mortgages tend to increase when interest rates fall and decrease when interest rates rise. Prepayments may also occur on a scheduled basis or due to foreclosure. When market interest rates increase, mortgage refinancings and prepayments slow, which lengthens the effective duration of these securities. As a result, the negative effect of the interest rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other types of fixed income securities.

Conversely, when market interest rates decline, while the value of mortgage-backed securities may increase, the rates of prepayment of the underlying mortgages tend to increase, which shortens the effective duration of these securities.

Mortgage-backed securities are also subject to the risk that underlying borrowers will be unable to meet their obligations. At times, some of the mortgage-backed securities in which the Fund invests will have higher than market interest rates and therefore will be purchased at a premium above their par value. Prepayments may cause losses on securities purchased at a premium.

The value of mortgage-backed securities may be affected by changes in credit quality or value of the mortgage loans or other assets that support the securities. In addition, for mortgage-backed securities, when market conditions result in an increase in the default rates on the underlying mortgages and the foreclosure values of the underlying real estate are below the outstanding amount of the underlying mortgages, collection of the full amount of accrued interest and principal on these investments may be doubtful. For structured securities that have embedded leverage features, small changes in interest or prepayment rates may cause large and sudden price movements.

Asset-backed securities are structured like mortgage-backed securities and are subject to many of the same risks. The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets or to otherwise recover from the underlying obligor may be limited. Certain asset-backed securities present a heightened level of risk because, in the event of default, the underlying assets may be difficult to sell and the liquidation value of the underlying assets may be inadequate to pay any unpaid principal or interest.

Mortgage market/subprime risk

The mortgage market in the United States and other countries has experienced extreme difficulties in the past that adversely affected the performance and market value of certain mortgage-related investments. Delinquencies and losses on residential and commercial mortgage loans (especially subprime and second-lien mortgage loans) generally increased during that period and may increase again, and a decline in or flattening of housing and other real property values may exacerbate such delinquencies and losses. Borrowers with adjustable rate mortgage loans are more sensitive to changes in interest rates, which affect their monthly mortgage payments, and may be unable to secure replacement mortgages at comparably low interest rates. Also, a number of mortgage loan originators have experienced serious financial difficulties or bankruptcy in recent periods. Owing largely to the foregoing, reduced investor demand for mortgage loans and mortgage-related securities and increased investor yield requirements have caused limited liquidity in the secondary market for mortgage-related securities, which can adversely affect the market value of mortgage-related securities. It is possible that such limited liquidity in such secondary markets could continue or worsen.

Corporate debt securities risk

The market value of corporate debt securities generally may be expected to rise and fall inversely with interest rates. The value of intermediate- and longer-term corporate debt securities normally fluctuates more in response to changes in interest rates than does the value of shorter-term corporate debt securities. The market value of a corporate debt security also may be affected by factors directly relating to the issuer, such as investors' perceptions of the creditworthiness of the issuer, the issuer's financial performance, perceptions of the issuer in the market place, performance of management of the issuer, the issuer's capital structure and use of financial leverage and demand for the issuer's goods and services. Certain risks associated with investments in corporate debt securities are described elsewhere in this Prospectus in further detail. There is a risk that the issuers of corporate debt securities may not be able to meet their obligations on interest or principal payments at the time called for by an instrument. The Fund may invest in below investment grade corporate bonds, often referred to as "high yield" securities or "junk bonds." High yield corporate bonds are often high risk and have speculative characteristics. High yield corporate bonds may be particularly susceptible to adverse issuer-specific developments. In addition, certain corporate debt securities may be highly customized and as a result may be subject to, among others, liquidity and valuation/pricing transparency risks.

Risks of investing in securities backed by the U.S. Government

Securities backed by the U.S. Treasury or the full faith and credit of the U.S. Government are guaranteed only as to the timely payment of interest and principal when held to maturity. Accordingly, the current market values for these securities will fluctuate with changes in interest rates. Securities issued by government-sponsored entities and federal agencies and instrumentalities that are not backed by the full faith and credit of the U.S. Government are neither issued nor guaranteed by the U.S. Government.

Risks of non-U.S. investments

Investing in non-U.S. issuers, or in U.S. issuers that have significant exposure to foreign markets, may involve unique risks compared to investing in securities of U.S. issuers. These risks are more pronounced for issuers in emerging markets or to the extent that the Fund invests significantly in one region or country. These risks may include different financial reporting practices and regulatory standards, less liquid trading markets, extreme price volatility, currency risks, changes in economic, political, regulatory and social conditions, sustained economic downturns, financial instability, tax burdens, and investment and repatriation restrictions. Lack of information and less market regulation also may affect the value of these securities. Withholding and other non-U.S. taxes may decrease the Fund's return. Non-U.S. issuers may be located in parts of the world that have historically been prone to natural disasters. Investing in depositary receipts is subject to many of the same risks as investing directly in non-U.S. issuers. Depositary receipts may involve higher expenses and may trade at a discount (or premium) to the underlying security.

Currency risk

The value of investments in securities denominated in foreign currencies increases or decreases as the rates of exchange between those currencies and the U.S. dollar change. Currency conversion costs and currency fluctuations could erase investment gains or add to investment losses. Currency exchange rates can be volatile, and are affected by factors such as general economic conditions, the actions of the U.S. and foreign governments or central banks, the imposition of currency controls and speculation.

Defaulted securities risk

Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. In any such proceeding relating to a defaulted obligation, the Fund may lose its entire investment or may be required to accept cash or securities with a value substantially less than its original investment. Moreover, any securities received by the Fund upon completion of a workout or bankruptcy proceeding may be illiquid, speculative, or restricted as to resale. The Fund may incur additional expenses to the extent it is required to seek recovery upon a default in the payment of principal or interest on its portfolio holdings.

Distressed investments

The Fund's distressed investments (e.g., investments in defaulted, out-of-favor or distressed bank loans and debt and equity securities) are inherently speculative and are subject to a high degree of risk. Companies experiencing financial distress are often those operating at a loss or with substantial variations in operating results from period to period. Companies experiencing financial distress may be involved in insolvency proceedings and have the need for substantial additional capital to support continued operations or to improve their financial condition and may have very high amounts of leverage. Distressed companies typically are in default under, or have a significant risk of an inability to service, their debt obligations, especially during an economic downturn or periods of rising interest rates, may not have access to more traditional methods of financing and may be unable to repay debt by refinancing. Investments in distressed companies may be premised on a turnaround strategy. If turnarounds are not achieved, these companies could experience failures or substantial declines in value, and the Fund may not be able to divest itself of such unprofitable investments in a timely fashion or at all. Additionally, turnarounds may not be achieved within the contemplated investment horizons.

The value of distressed instruments tends to be more volatile and may have an increased price sensitivity to changing interest rates and adverse economic and business developments than other securities or instruments. Distressed investments are often more sensitive to company-specific developments and changes in economic conditions than other securities. Furthermore, distressed debt instruments are often unsecured and may be subordinated to senior debt. Accordingly, an investment in the Fund should only be considered by persons who can afford a loss of their entire investment.

Equity investing risk

The Fund may at times invest directly or indirectly in equity securities, which may be publicly or privately offered. The equity securities in which the Fund invests may be more volatile than the equity markets as a whole. Equity securities risk is the risk that the value of equity instruments to which the Fund is exposed will fall due to general market or economic conditions; overall market changes; local, regional or global political, social or economic instability; currency, interest rate and commodity price fluctuations; perceptions regarding the industries in which the issuers participate, and the particular circumstances and performance of the issuers. The prices of equities are also sensitive to rising interest rates, as the costs of capital rise and borrowing costs increase. Market conditions may affect certain types of equity securities to a greater extent than other types. Although equities have historically generated higher average returns than debt securities over the long term, equity securities also have experienced significantly more volatility in returns.

Small- and mid-capitalization companies risk

The securities of small-capitalization and mid-capitalization companies may be subject to more abrupt or erratic market movements and may have lower trading volumes or more erratic trading than securities of larger, more established companies or market averages in general. In addition, such companies typically are more likely to be adversely affected than large capitalization companies by changes in earning results, business prospects, investor expectations or poor economic or market conditions.

Repurchase agreements risk

The Fund may enter into repurchase agreements, in which the Fund purchases a security from a bank or broker-dealer, which agrees to repurchase the security at the Fund's cost plus interest within a specified time. If the party agreeing to repurchase should default, the Fund will seek to sell the securities which it holds. This could involve procedural costs or delays in addition to a loss on the securities if their value should fall below their repurchase price. These events could also trigger adverse tax consequences for the Fund. Repurchase agreements maturing in more than seven days and which may not be terminated within seven days at approximately the amount at which the Fund has valued the agreements are considered illiquid securities.

Derivatives risk

Although the Fund does not currently intend to use derivatives, the Fund may, in the future, or may, directly, or indirectly through its investment in one or more special purpose vehicles, partnerships, securitizations, structured financings or other collective investment vehicles managed by third parties utilize a variety of derivative instruments (both long and short positions) for investment or risk management purposes, as well as to leverage its portfolio. The Fund may use derivatives to gain exposure to securities markets in which it may invest (e.g., pending investment of the proceeds of this offering in individual securities, as well as on an ongoing basis). Derivatives transactions that the Fund may utilize include, but are not limited to, purchases or sales of futures and forward contracts (including foreign currency exchange contracts), call and put options, credit default swaps, total return swaps, basis swaps and other swap agreements. The Fund's use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described elsewhere in this Prospectus, such as liquidity risk, interest rate risk, credit risk, leveraging risk and management risk. They also involve the risk of mispricing or improper valuation, the risk of unfavorable or ambiguous documentation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. Certain derivatives may be considered senior securities unless steps are taken to segregate the Fund's assets or otherwise cover its obligations. To avoid having these instruments considered senior securities, the Fund may segregate liquid assets with a value equal (on a daily mark-to-market basis) to its obligations under these types of leveraged transactions, enter into offsetting transactions or otherwise cover such transactions. If the Fund invests in a derivative instrument, it could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that the Fund will engage in these transactions to reduce exposure to other risks when that would be beneficial. The Fund's use of derivatives also may affect the amount, timing or character of distributions to, and taxes payable by investors in the Fund.

Cybersecurity risk

With the increased use of technologies and the dependence on computer systems to perform necessary business functions, investment companies (such as the Fund) and their service providers (including the Adviser, the Sub-Adviser and other service providers (including, but not limited to, fund accountants, custodians, sub-custodians, transfer agents and financial intermediaries)) may be prone to operational and information security risks resulting from cyber-attacks and/or other technological malfunctions. In general, cyber-attacks are deliberate, but unintentional events may have similar effects. Cyber-attacks include, among others, stealing or corrupting data maintained online or digitally, preventing legitimate users from accessing information or services on a website, releasing confidential information without authorization, and causing operational disruption. Successful cyber-attacks against, or security breakdowns of, the Fund, the Adviser, the Sub-Adviser and other service provider may adversely affect the Fund or its shareholders. For instance, cyber-attacks may interfere with the processing of shareholder transactions, affect the Fund's ability to calculate its NAV, cause the release of private shareholder information or confidential fund information, impede trading, cause reputational damage, and subject the Fund to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and additional compliance costs.

While the Adviser and the Sub-Adviser have established business continuity plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified.

In addition, cybersecurity has become a top priority for regulators around the world. Many jurisdictions in which the Adviser and Sub-Adviser operate have laws and regulations relating to data privacy, cybersecurity, and protection of personal information, including the General Data Protection Regulation in the EU that went into effect in May 2018. Some jurisdictions have also enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data. Breaches in security could potentially jeopardize the Adviser, the Sub-Adviser, their employees' or the Fund's investors' or counterparties' confidential and other information processed and stored in, and transmitted through, the Adviser's or Sub-Adviser's computer systems and networks, or otherwise cause interruptions or malfunctions in its, its employees', the Fund's investors', the Fund's counterparties' or third parties' operations, which could result in significant losses, increased costs, disruption of the Adviser's or the Sub-Adviser's business, liability to the Fund's investors and other counterparties, regulatory intervention or reputational damage. Furthermore, if the Adviser or the Sub-Adviser fails to comply with the relevant laws and regulations, it could result in regulatory investigations and penalties, which could lead to negative publicity and may cause the Fund's investors and clients to lose confidence in the effectiveness of its security measures.

Conflicts of interest risk

The Adviser, the Sub-Adviser and their respective affiliates are engaged in a variety of businesses and have interests other than those relating to managing the Fund. The broad range of activities and interests of the Adviser, the Sub-Adviser and their respective affiliates gives rise to actual, potential and perceived conflicts of interest that could affect the Fund and its shareholders. Certain actual and potential conflicts are described below. Other conflicts may arise from time to time.

For example, the Adviser and the Sub-Adviser manage other investment funds and accounts (including proprietary accounts) with investment objectives and strategies that are similar to, or overlap with, the investment strategy of the Fund, creating potential conflicts of interest in investment and allocation decisions regarding the allocation of investments that may be appropriate for the Fund and other clients of the Adviser and the Sub-Adviser. In addition, the activities in which the Adviser, the Sub-Adviser and their respective affiliates are involved in on behalf of other accounts may limit or preclude the flexibility that the Fund may otherwise have to participate in certain investments.

A further discussion of conflicts of interest appears in the SAI. These discussions are not, and are not intended to be, a complete enumeration or description of all the actual and potential conflicts that may arise.

Anti-takeover provisions

The Fund's Agreement and Declaration of Trust and by-laws include provisions that could limit the ability of other entities or persons to acquire control of the Fund or convert the Fund to open-end status.

MANAGEMENT OF THE FUND

Trustees and Officers

The Fund's Board provides broad supervision over the affairs of the Fund. The officers of the Fund are responsible for the Fund's operations. The Trustees and officers of the Fund, together with their principal occupations and other affiliations during the past five years, are listed in the SAI.

Investment Adviser

The Adviser provides continuous and regular investment management services to the Fund.

The Adviser is a registered investment adviser that specializes in investment management for high-net-worth individuals, families and foundations. The Adviser had approximately $45.1 billion in assets under management as of July 31, 2020, and is a wholly-owned subsidiary of City National Bank ("CNB"), a federally chartered commercial bank founded in the early 1950s, which has provided trust and fiduciary services, including investment management services, to individuals and businesses for over 50 years. CNB currently provides investment management services to individuals, pension and profit sharing plans, endowments and foundations. As of July 31, 2020, CNB and its affiliates had approximately $81.3 billion in assets under administration, which includes approximately $58.6 billion in assets under management. CNB is a wholly-owned indirect subsidiary of RBC USA Holdco Corporation, which is a wholly-owned indirect subsidiary of Royal Bank of Canada.

Under the terms of the advisory agreement between the Adviser and the Fund, and subject to the approval of the Board, the Adviser is authorized to delegate certain of its duties under the agreement to one or more sub-advisers pursuant to a written contract in accordance with, and in compliance with applicable requirements of, the 1940 Act, provided that the Adviser will supervise, oversee and monitor each such sub-adviser.

The Adviser's main office is at 400 North Roxbury Drive, Beverly Hills, California 90210.

Sub-Adviser

The Adviser has engaged CIFC Investment Management LLC as the Fund's sub-adviser. The Sub-Adviser is responsible for providing day-to-day investment advice and recommendations for the Fund. The Sub-Adviser is a registered investment adviser specializing in secured U.S. corporate loan strategies with approximately $28 billion of assets under management as of August 31, 2020. The Sub-Adviser's professionals possess leveraged finance, asset management, loan syndications and trading, risk management, restructuring and structured finance experience. As of August 31, 2020, the Sub-Adviser manages 36 CLOs with total assets under management of approximately $21.4 billion. In addition, as of August 31, 2020, the Sub-Adviser manages approximately $4,6 billion in corporate credit strategies and $1.7 billion in structured credit strategies, across multiple funds and separately managed accounts. The Sub-Adviser is an experienced manager in the corporate credit and structured credit investment markets.

The Sub-Adviser's main office is at 250 Park Avenue, 4th Floor, New York, New York 10177.

Advisory and Sub-Advisory Fees

Under the terms of the advisory agreement between the Fund and the Adviser (the "Advisory Agreement"), the Fund pays the Adviser, as promptly as possible after the last day of each month, a fee for its investment advisory services in the amount of 1.50% of the Fund's average daily net assets. Pursuant to the investment sub-advisory agreement by and between the Adviser and the Sub-Adviser (the "Sub-Advisory Agreement"), the Adviser pays the Sub-Adviser out of the advisory fee it receives from the Fund a fee in the amount of 1.25% of the Fund's average daily net assets.

For the fiscal year ended May 31, 2020 and fiscal period ended May 31, 2019, the Fund paid to the Adviser the following investment management fees and the Adviser waived the indicated amounts.

Fiscal Year Ended May 31, 2020		Fiscal Period Ended May 31, 2019*	
Fees Paid	**Fees Waived**	**Fees Paid**	**Fees Waived**
$897,869	$547,134	$139,333	$139,333

* The fiscal period began on the Fund's inception on December 19, 2018 and ended May 31, 2019.

For the fiscal year ended May 31, 2020 and fiscal period ended May 31, 2019, the Adviser paid the following sub-advisory fees to the Sub-Adviser.

Fiscal Year Ended May 31, 2020	Fiscal Period Ended May 31, 2019*
Fees Paid	**Fees Paid**
$752,237	$116,525

* The fiscal period began on the Fund's inception on December 19, 2018 and ended May 31, 2019.

A discussion regarding the Advisory Agreement and the Sub-Advisory Agreement and the factors that the Board considered in renewing the Advisory Agreement and the Sub-Advisory Agreement is available in the Fund's annual report to shareholders for the year ended May 31, 2020.

Expense Limitation

The Adviser has contractually agreed to waive its management fee and/or reimburse expenses to the extent necessary to ensure that the Fund's total annual operating expenses will not exceed 1.95% (after fee waivers and/or expense reimbursements, and exclusive of front-end or contingent deferred loads, taxes, interest, brokerage commissions, acquired fund fees or expenses, extraordinary expenses such as litigation expenses, and other expenses not incurred in the ordinary course of the Fund's business). These arrangements will continue until October 1, 2021, and shall automatically renew for an additional one-year period unless sooner terminated by the Fund or by the Board upon 60 days' written notice to the Adviser or termination of the Advisory Agreement. The Adviser may recoup fees waived and expenses reimbursed for a period of three years following the date such reimbursement or reduction was made if such recoupment does not cause current expenses to exceed the expense limit for the Fund in effect at the time the expenses were paid/waived or any expense limit in effect at the time of recoupment.

For the fiscal year ended May 31, 2020, the Adviser recaptured fees it had previously waived in the amount of $0.

Portfolio Managers

Matthew Andrews and Jay Huang of CIFC are jointly and primarily responsible for providing day-to-day investment advice and recommendations for the Fund, and Thomas H. Ehrlein and Charles Luke of City National Rochdale (together with Mr. Andrews and Mr. Huang, the "Portfolio Managers") provide proactive oversight and monitoring of CIFC.

Matthew Andrews is a Managing Director and Head of Capital Markets, and a Senior Portfolio Manager on CIFC's Structured Credit Investment business. Mr. Andrews has 16 years of experience in investment banking and structured finance. Prior to joining CIFC, Mr. Andrews was Head of CLO Origination and Structuring for RBS Securities Inc.'s U.S. CLO business. Prior to running the CLO business, Mr. Andrews was a Director in the Asset Backed Finance Group where he was responsible for originating, financing, structuring and distributing new issue securitizations backed primarily by leveraged loans, credit cards and consumer loan receivables. Prior to joining RBS Securities Inc., via Greenwich Capital Markets, Inc., Mr. Andrews was an Associate at Banc One Capital Markets, Inc. where he focused on originating, structuring and distributing securitizations backed by credit cards, consumer loans, auto loans, student loans, rental cars and equipment loans. Mr. Andrews holds a Bachelor of Business Administration in Finance with a minor in Economics from Southern Methodist University. Mr. Andrews is a CFA charterholder.

Jay Huang is a Managing Director and Head of Structured Credit Investments at CIFC. Mr. Huang has over 16 years of experience in structured finance trading and portfolio management. Prior to joining CIFC, Mr. Huang spent 16 years at Citigroup where he was managing director and global head of their CLO, CDO and distressed Structured Investment Vehicle trading business. Prior to joining Citigroup, he worked at Salomon Smith Barney on the CDO structuring desk from 2000 to 2002. Mr. Huang graduated from Carnegie Mellon University with honors in 2000 with a Bachelor of Science in Applied Mathematics and Statistics and a minor in Computer Science.

Thomas H. Ehrlein joined the Adviser in 2005. He oversees a number of business segments at the firm including investment oversight for all non-traditional investments and the portfolio analytics and modeling processes, and is the Portfolio Manager of the City National Rochdale High Yield Alternative Strategies Fund. Mr. Ehrlein is also a key member of the asset allocation committee at City National Rochdale. He has been in the Investment Management industry since 2000. Prior to 2005, Mr. Ehrlein was a Senior Consultant in the Investment Management division of FactSet Research Systems, Inc., where he performed financial market and portfolio management research and quantitative analysis for institutional money management firms, and a middle market lending credit analyst at ABN-Amro, North America. Mr. Ehrlein earned his Bachelor of Science in Finance from the University of Scranton and his MBA in Finance from Hofstra University.

Charles Luke is a Managing Director and Senior Portfolio Manager at the Adviser. Mr. Luke has 15 years of experience in the financial services industry. Prior to joining City National Rochdale, Mr. Luke led the fixed income group at Avalon Advisors and managed over $2.6 billion across U.S. treasury, municipal, agency, corporate, and securitized markets. He executed strategic positioning and asset allocation for portfolios of high-net-worth individuals and institutions. Previously, Mr. Luke was responsible for client management and deal execution at SunTrust Robinson Humphrey. He started his career at BBVA Compass, Wealth Management Group. Mr. Luke earned a BBA in Business Management with High Honors from the University of Georgia and holds the Chartered Financial Analyst® designation.

The SAI provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers and the portfolio managers' ownership of securities in the Fund.

DIVIDENDS AND DISTRIBUTIONS

The Fund intends to declare and pay dividends of substantially all net investment income, if any, quarterly. The Fund intends to make distributions of net realized capital gains, if any, at least annually.

Unless shareholders specify otherwise, dividends and other distributions will be reinvested in shares of the Fund. You may notify the Transfer Agent in writing up to five days prior to the record date of the next dividend or distribution to:

- choose to receive dividends or distributions (or both) in cash; or
- change the way you currently receive distributions.

If you elect to receive distributions and/or dividends by check and the check relating to any distribution or dividend remains uncashed for six months after the date thereof, the Fund will have the right, after such six month period, to reinvest the distribution or dividend relating to the check in shares of the Fund at the then current NAV per share and to reinvest all subsequent distributions and/or dividends in shares of the Fund until you again elect to receive distributions and/or dividends.

PLAN OF DISTRIBUTION

SEI Investments Distribution Co. (the "Distributor"), a wholly-owned subsidiary of SEI Investments, and the Fund are parties to a distribution agreement (the "Distribution Agreement") with respect to shares of the Fund. The Distribution Agreement is renewable annually by approval of the Board of Trustees and of the Independent Trustees. The Distribution Agreement may be terminated by the Distributor, by a majority vote of the Independent Trustees who have no financial interest in the Distribution Agreement or by a majority vote of the outstanding securities of the Fund upon not more than 60 days' written notice by either party or upon assignment by the Distributor. The Distributor is not obligated to sell any specific amount of shares of the Fund. The Distributor also acts as agent for the Fund in connection with repurchases of shares.

Shares of the Fund are continuously offered through the Distributor, as the exclusive distributor of the Fund's shares. The Fund has authorized one or more intermediaries (e.g., brokers, investment advisers, etc. (collectively, "intermediaries")), including affiliates of City National Rochdale, to receive orders on its behalf. Such intermediaries are authorized to designate other intermediaries to receive orders on the Fund's behalf. The Fund will be deemed to have received an order when an authorized broker or, if applicable, a broker's authorized designee, receives the order. The shares are offered at the NAV per share calculated each regular business day.

The Fund has the sole right to accept orders to purchase shares and reserves the right to reject any purchase order in whole or in part.

Additional conditions may apply to investments in the Fund made by shareholders investing through financial intermediaries, programs sponsored by financial intermediaries and retirement plans. The investment professional or other financial intermediary may charge you a transaction-based, administrative or other fee for its services. These conditions and fees are in addition to those imposed by the Fund and its affiliates. You should ask your investment professional or financial intermediary about its services and any applicable fees. In addition, when you invest through an account that is not in your name, you generally may buy and sell shares and complete other transactions only through the account. Ask your investment professional or financial intermediary for more information.

No market currently exists for the Fund's shares. The Fund's shares are not listed and the Fund does not intend to list its shares for trading on any securities exchange, and the Fund does not expect there to be any secondary market for the Fund's shares. Neither the Adviser nor the Distributor intends to make a market in the Fund's shares.

The Distributor is not obligated to buy any of the shares. The Distributor is located at One Freedom Valley Drive, Oaks, Pennsylvania 19456.

Payments to financial intermediaries

Your financial intermediary may receive compensation from the Adviser and its affiliates for the sale of fund shares and related services, including administrative services and transaction processing.

The Adviser and its affiliates may make additional payments to your financial intermediary. These payments may provide your financial intermediary with an incentive to favor the Fund over other mutual funds or assist in efforts to promote the sale of the Fund's shares. Financial intermediaries include broker-dealers, banks (including bank trust departments), registered investment advisers, financial planners, retirement plan administrators and other types of intermediaries.

The Adviser and its affiliates make these additional payments (sometimes referred to as "revenue sharing") to financial intermediaries out of their past profits and other available sources, which may include profits derived from services provided to the Fund. These payments may be based on a variety of criteria, including the amount of sales or assets of the Fund attributable to the financial intermediary or as a per transaction fee.

Not all financial intermediaries receive additional compensation and the amount of compensation paid varies for each financial intermediary. In certain cases, these payments may be significant. The Adviser and its affiliates determine which firms to support and the extent of the payments they are willing to make, generally choosing firms that have a strong capability to effectively distribute shares of the Fund and that are willing to cooperate with the Adviser's promotional efforts. The Adviser and its affiliates also may compensate financial intermediaries (in addition to amounts that may be paid by the Fund) for providing certain administrative services and transaction processing services.

The Adviser may benefit from revenue sharing if the intermediary features the Fund in its sales system (such as by placing the Fund on its preferred fund list or giving access on a preferential basis to members of the financial intermediary's sales force or management). In addition, the financial intermediary may agree to participate in the Fund's marketing efforts (such as by helping to facilitate or provide financial assistance for conferences, seminars or other programs at which City National Rochdale personnel may make presentations on the Fund to the intermediary's sales force). To the extent intermediaries sell more shares of the Fund or retain shares of the Fund in their clients' accounts, the Adviser receives greater advisory and other fees due to the increase in the Fund's assets. The intermediary may earn a profit on these payments if the amount of the payment to the intermediary exceeds the intermediary's costs.

Your intermediary may charge you additional fees or commissions other than those disclosed in this Prospectus. Intermediaries may categorize and disclose these arrangements differently than in the discussion above and in the SAI. You can ask your financial intermediary about any payments it receives from the Adviser or the Fund, as well as about fees and/or commissions it charges.

The Adviser and its affiliates may have other relationships with your financial intermediary relating to the provision of services to the Fund, such as providing omnibus account services or effecting portfolio transactions for the Fund. If your intermediary provides these services, the Adviser or the Fund may compensate the intermediary for these services. In addition, your intermediary may have other relationships with the Adviser or its affiliates that are not related to the Fund.

PURCHASE OF SHARES

The Fund generally accepts orders to purchase shares on a continuous basis at NAV per share during the last week of each month. However, the Fund's ability to accept orders to purchase shares may be limited, including during periods when, in the judgment of the Adviser, appropriate investments for the Fund are not available. The Fund reserves the right to suspend subsequent offerings or to accept purchases on a basis more or less frequent basis or other than during the last week of a particular month. Shares of the Fund are offered at NAV per share.

Any continuous offering may be discontinued at any time. The Fund has the sole right to accept orders to purchase shares and reserves the right to reject any order in whole or in part.

All initial investments in the Fund are subject to a $1,000,000 minimum per registered investment adviser or other financial intermediary. Registered investment advisers and other financial intermediaries may impose different or additional minimum investment and eligibility requirements from those of the Fund. Please contact your registered investment adviser or financial intermediary for more information. The Adviser may waive these minimum investment requirements. All investments in the Fund are subject to the approval of the Fund and the Fund reserves the right to reject a purchase order for any reason.

Please contact the Distributor or your registered investment adviser or other qualified intermediary for more information.

PERIODIC REPURCHASE OFFERS

The Fund is a closed-end "interval" fund and, to provide some liquidity and the ability to receive NAV on a disposition of at least a portion of your shares, makes periodic offers to repurchase shares. Except as permitted by the Fund's interval structure, no shareholder has the right to require the Fund to repurchase its shares. No public market for shares exists, and none is expected to develop in the future. Consequently, shareholders generally will not be able to liquidate their investment other than as a result of repurchases of their shares by the Fund.

The Fund has adopted, pursuant to Rule 23c-3 under the 1940 Act, a fundamental policy, which cannot be changed without shareholder approval, requiring the Fund to offer to repurchase at least 5% and up to 25% of its shares at NAV on a regular schedule. Although the policy permits repurchases of between 5% and 25% of the Fund's outstanding shares, for each repurchase offer, the Fund currently expects to offer to repurchase 5% of its outstanding shares unless the Fund's Board has approved a higher amount for that repurchase offer.

The Fund is required to make repurchase offers every three months. Quarterly repurchase offers are made in the months of February, May, August and November.

The date on which the repurchase price for shares is determined shall occur no later than the 14th day after the repurchase request deadline (or the next business day, if the 14th day is not a business day). The "repurchase request deadline" is the date by which shareholders wishing to tender shares for repurchase must respond to the repurchase offer.

When a repurchase offer commences, the Fund sends, at least 21 days before the repurchase request deadline, written notice to each shareholder setting forth, among other things:

- The percentage of outstanding shares that the Fund is offering to repurchase and how the Fund will purchase shares on a pro rata basis if the offer is oversubscribed.
- The date on which a shareholder's repurchase request is due (the repurchase deadline).
- The date that will be used to determine the Fund's NAV applicable to the repurchase offer (the "repurchase pricing date"). See "Net Asset Value" in this Prospectus.
- The date by which the Fund will pay to shareholders the proceeds from their shares accepted for repurchase.
- The NAV of the shares as of a date no more than seven days before the date of the written notice and the means by which shareholders may ascertain the NAV.
- The procedures by which shareholders may request that their shares be repurchased and the right of shareholders to withdraw or modify their repurchase requests before the repurchase request deadline.
- The circumstances in which the Fund may suspend or postpone the repurchase offer.

This notice may be included in a shareholder report or other fund document. If a shareholder's shares are held in an advisory account over which an investment adviser has full discretionary authority, this notice may be sent solely to such investment adviser. **The repurchase request deadline will be strictly observed.** A repurchase request is received in good order if it is properly completed and signed. If a shareholder fails to submit a repurchase request in good order by the repurchase request deadline, the shareholder will be unable to liquidate shares until a subsequent repurchase offer, and will have to resubmit a request in the next repurchase offer. Shareholders may withdraw or change a repurchase request with a proper instruction submitted in good order at any point before the repurchase request deadline.

Determination of Repurchase Price and Payment for Shares

The date on which the repurchase price for shares is determined shall occur no later than the 14th day after the repurchase request deadline (or the next business day, if the 14th day is not a business day). The Fund expects to distribute payment to shareholders between one and three business days after the repurchase pricing date and will distribute such payment no later than seven (7) calendar days after such date. The Fund's NAV per share may change materially between the date a repurchase offer is mailed and the repurchase request deadline, and it may also change materially between the repurchase request deadline and repurchase pricing date. The method by which the Fund calculates NAV is discussed under "Net Asset Value" in this Prospectus. During the period an offer to repurchase is open, shareholders may obtain the current NAV by calling the Fund's transfer agent at 1-888-889-0799.

The Fund does not currently charge a repurchase fee, and it does not currently expect to impose a repurchase fee.

Suspension or Postponement of Repurchase Offers

The Fund may suspend or postpone a repurchase offer in limited circumstances set forth in Rule 23c-3 under the 1940 Act, as described below, but only with the approval of a majority of the Trustees, including a majority of Trustees who are not "interested persons" of the Fund, as defined in the 1940 Act.

The Fund may suspend or postpone a repurchase offer only: (1) if making or effecting the repurchase offer would cause the Fund to lose its status as a regulated investment company under the Internal Revenue Code of 1986, as amended (the "Code"), (2) for any period during which the New York Stock Exchange (the "NYSE") or any other market in which the securities owned by the Fund are principally traded is closed, other than customary weekend and holiday closings, or during which trading in such market is restricted; (3) for any period during which an emergency exists as a result of which disposal by the Fund of securities owned by it is not reasonably practicable, or during which it is not reasonably practicable for the Fund fairly to determine the value of its net assets; or (4) for such other periods as the SEC may by order permit for the protection of shareholders of the Fund.

Oversubscribed Repurchase Offers

There is no minimum number of shares that must be submitted for repurchase before the Fund will honor repurchase requests. However, the Fund's Trustees set for each repurchase offer a maximum percentage of shares that may be repurchased by the Fund. In the event a repurchase offer by the Fund is oversubscribed, the Fund may repurchase, but is not required to repurchase, additional shares up to a maximum amount of 2% of the outstanding shares of the Fund. If the Fund determines not to repurchase additional shares beyond the repurchase offer amount, or if shareholders submit for repurchase an amount of shares greater than that which the Fund is entitled to repurchase, the Fund will repurchase the shares submitted for repurchase on a pro rata basis. The Fund does not currently expect to offer to repurchase additional shares in the event a repurchase offer is oversubscribed.

If any shares that you wish to have repurchased by the Fund are not repurchased because of proration, you will have to wait until the next repurchase offer and resubmit your repurchase request, and your repurchase request will not be given any priority over other shareholders' requests. Thus, there is a risk that the Fund may not purchase all of the shares you wish to have repurchased in a given repurchase offer or in any subsequent repurchase offer. In anticipation of the possibility of proration, some shareholders may submit for repurchase more shares than they wish to have repurchased in a particular quarter, increasing the likelihood of proration.

There is no assurance that you will be able to have your shares repurchased by the Fund when or in the amount that you desire.

Consequences of Repurchase Offers

From the time the Fund distributes or publishes each repurchase offer notification until the repurchase pricing date for that offer, the Fund must maintain liquid assets at least equal to the percentage of its shares subject to the repurchase offer. For this purpose, "liquid assets" means assets that may be sold or otherwise disposed of in the ordinary course of business, at approximately the price at which the Fund values them, within the period between the repurchase request deadline and the repurchase payment date, or which mature by the repurchase payment date. The Fund is also permitted to borrow up to the maximum extent permitted under the 1940 Act to meet repurchase requests.

If the Fund borrows to finance repurchases, interest on that borrowing will negatively affect shareholders who do not submit their shares for repurchase by increasing the Fund's expenses and reducing any net investment income. There is no assurance that the Fund will be able sell a significant amount of additional shares so as to mitigate these effects.

These and other possible risks associated with the Fund's repurchase offers are described under "Risk Factors" in this Prospectus. The repurchase of shares by the Fund will be a taxable event to shareholders, potentially even to those shareholders that do not participate in the repurchase. For a discussion of these tax consequences, see "Federal Income Tax Matters" below and "Tax Status" in the SAI.

Proceeds from the repurchase of shares are paid in cash (in U.S. dollars).

FEDERAL INCOME TAX MATTERS

The following is a summary discussion of certain U.S. federal income tax consequences that may be relevant to a shareholder acquiring, holding or disposing of shares of the Fund. This discussion addresses only U.S. federal income tax consequences to U.S. shareholders who hold their shares as capital assets (within the meaning of Section 1221 of the Code) and does not address all of the U.S. federal income tax consequences that may be relevant to particular shareholders in light of their individual circumstances. This discussion also does not address the tax consequences to shareholders who are subject to special rules, including, without limitation, banks and financial institutions, insurance companies, real estate investment trusts, other regulated investment companies, dealers in securities or foreign currencies, foreign shareholders, shareholders who hold their shares as or in a hedge, a constructive sale, or a conversion transaction, S corporations, shareholders who are subject to the alternative minimum tax, shareholders subject to the income inclusion timing rules of Code Section 451(b), shareholders whose functional currency (as defined in Section 985 of the Code) is not the U.S. dollar, or governments or their agencies or instrumentalities. In addition, the discussion does not address any state, local, or non-U.S. or non-income tax consequences, and it does not address the effect of any treaty. The discussion reflects applicable tax laws of the United States as of the date of this Prospectus, which tax laws may be changed or subject to new interpretations by the courts or the IRS retroactively or prospectively. No attempt is made to present a detailed explanation of all U.S. federal income tax concerns affecting the Fund and its shareholders. Investors are urged to consult their own tax advisers to determine the specific tax consequences to them of acquiring, holding and disposing of shares in the Fund, including the applicable federal, state, local and foreign tax consequences to them and the effect of possible changes in tax laws.

The Fund has elected to be treated, and intends to continue to qualify each year, as a "regulated investment company" under Subchapter M of the Code, so that it will not be subject to U.S. federal income tax on income and capital gains distributed as dividends for U.S. federal income tax purposes to shareholders. In order to qualify as a regulated investment company under Subchapter M of the Code, the Fund must, among other things, (i) derive at least 90% of its gross income for each taxable year from dividends, interest, payments with respect to certain securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, or other income (including gains from options, futures and forward contracts) derived with respect to its business of investing in such stock, securities or currencies, and net income derived from an interest in a qualified publicly traded partnership (as defined in Section 851(h) of the Code) (the "90% income test") and (ii) diversify its holdings so that, at the end of each quarter of each taxable year (subject to certain exceptions and special rules): (a) at least 50% of the value of the Fund's total assets is represented by (1) cash and cash items, U.S. Government securities, securities of other regulated investment companies, and (2) other securities, with such other securities limited in respect of any one issuer to an amount not greater than 5% of the value of the Fund's total assets and to not more than 10% of the outstanding voting securities of such issuer and (b) not more than 25% of the value of the Fund's total assets is invested, including through corporations in which the Fund owns a 20% or more voting stock interest, in (1) the securities (other than U.S. Government securities and securities of other regulated investment companies) of any one issuer, (2) the securities (other than securities of other regulated investment companies) of two or more issuers that the Fund controls and that are engaged in the same, similar, or related trades or businesses, or (3) the securities of one or more qualified publicly traded partnerships (collectively, the "asset diversification tests").

For purposes of the 90% income test, the character of gross income earned by any entities in which the Fund may invest that are not treated as corporations for U.S. federal income tax purposes (e.g., partnerships other than certain publicly traded partnerships or trusts that have not elected to be classified as corporations under the "check-the-box" regulations) will generally pass through to the Fund. Consequently, in order to qualify as a regulated investment company, the Fund may be required to limit its equity investments in such entities that earn fee income, rental income, insurance income or other non-qualifying gross income.

If the Fund qualifies as a regulated investment company and properly distributes to its shareholders each taxable year dividends for U.S. federal income tax purposes in an amount equal to or exceeding the sum of (i) 90% of its "investment company taxable income" as that term is defined in the Code (which includes, among other things, dividends, taxable interest, and the excess of any net short-term capital gains over net long-term capital losses, as reduced by certain deductible expenses) without regard to the deduction for dividends paid and (ii) 90% of the excess of its gross tax-exempt interest income, if any, over certain disallowed deductions, the Fund generally will not be subject to U.S. federal income tax on any income of the Fund, including "net capital gain" (the excess of net long-term capital gain over net short-term capital loss), distributed as dividends for U.S. federal income tax purposes to shareholders. However, if the Fund meets such distribution requirements, but chooses to retain some portion of its taxable income or gains, it generally will be subject to U.S. federal income tax at regular corporate rates on the amount retained. In the case of net capital gain, the Fund may designate certain amounts retained as undistributed net capital gain in a notice to its shareholders, who (i) will be required to include in income for U.S. federal income tax purposes, as long-term capital gain, their proportionate shares of the undistributed amount so designated, (ii) will be entitled to credit their proportionate shares of the income tax paid by the Fund on that undistributed amount against their federal income tax liabilities and to claim refunds to the extent such credits exceed their liabilities and (iii) will be entitled to increase their tax basis, for federal income tax purposes, in their shares by an amount equal to the excess of the amount of undistributed net capital gain included in their respective income over their respective income tax credits. The Fund intends to distribute quarterly substantially all of its investment company taxable income (computed without regard to the dividends-paid deduction) and net tax-exempt interest income, if any, and the Fund intends to distribute at least annually its net realized capital gains, if any.

If, for any taxable year, the Fund does not qualify as a regulated investment company or does not satisfy the 90% distribution requirement, it generally will be treated as a U.S. corporation subject to U.S. federal income tax, thereby subjecting any income earned by the Fund to tax at the corporate level and to a further tax at the shareholder level when such income is distributed. Under certain circumstances, the Fund may be able to cure a failure to qualify as a regulated investment company, but in order to do so, the Fund may incur significant Fund-level taxes and may be forced to dispose of certain assets.

Under the Code, the Fund will be subject to a nondeductible 4% U.S. federal excise tax on a portion of its undistributed ordinary income and capital gain net income if it fails to meet certain distribution requirements with respect to each calendar year and generally for the twelve-month period ending October 31, respectively. The Fund intends to make distributions in a timely manner and accordingly does not expect to be subject to the excise tax.

The Fund intends to declare and pay dividends of substantially all net investment income, if any, quarterly. The Fund intends to make distributions of net realized capital gains, if any, at least annually. Dividends from income and/or capital gains may also be paid at such other times as may be necessary for the Fund to avoid U.S. federal income or excise tax.

Unless a shareholder specifies otherwise, all distributions from the Fund to that shareholder will be automatically reinvested in additional shares of the Fund. For U.S. federal income tax purposes, all dividends generally are taxable whether a shareholder takes them in cash or they are reinvested in additional shares of the Fund.

In general, assuming that the Fund has sufficient earnings and profits, dividends from net investment income and net short-term capital gains are taxable either as ordinary income or, if certain conditions are met, as "qualified dividend income," taxable to individual and certain other non-corporate shareholders at reduced U.S. federal income tax rates relative to ordinary income.

In general, dividends may be reported by the Fund as qualified dividend income if they are attributable to qualified dividend income received by the Fund. Qualified dividend income, with respect to dividends received by a Fund shareholder, generally means dividend income received from the Fund's investments, if any, in common and preferred stock of U.S. companies and stock of certain qualified foreign corporations, provided that certain holding period and other requirements are met by both the Fund and the Fund shareholder in question. The Fund is permitted to acquire stock of corporations and instruments treated as stock of corporations for U.S. federal income tax purposes, and it is therefore possible that a portion of the Fund's distributions may be eligible for treatment as qualified dividend income, although the Fund does not expect that such eligible amounts (if any) will constitute a significant portion of its distributions.

A foreign corporation is treated as a qualified foreign corporation for this purpose if it is incorporated in a possession of the United States or it is eligible for the benefits of certain income tax treaties with the United States and meets certain additional requirements. Certain foreign corporations that are not otherwise qualified foreign corporations will be treated as qualified foreign corporations with respect to dividends paid by them if the stock with respect to which the dividends are paid is readily tradable on an established securities market in the United States. PFICs are not qualified foreign corporations for this purpose.

A dividend that is attributable to qualified dividend income of the Fund that is paid by the Fund to a shareholder will not be taxable as qualified dividend income to such shareholder (1) if the dividend is received with respect to any share of the Fund held for fewer than 61 days during the 121-day period beginning on the date which is 60 days before the date on which such share became ex-dividend with respect to such dividend (or, in the case of certain preferred stock, 91 days during the 181-day period beginning 90 days before such date), (2) to the extent that the shareholder is under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property, or (3) if the shareholder elects to have the dividend treated as investment income for purposes of the limitation on deductibility of investment interest. The "ex-dividend" date is the date on which the owner of the share at the commencement of such date is entitled to receive the next issued dividend payment for such share even if the share is sold by the owner on that date or thereafter.

Distributions by the Fund in excess of the Fund's current and accumulated earnings and profits will be treated as a return of capital to the extent of (and in reduction of) the shareholder's tax basis in its shares and any such amount in excess of that basis will be treated as gain from the sale of shares, as discussed below.

Certain dividends received by the Fund from U.S. corporations (generally, dividends received by the Fund in respect of any share of stock (1) with a tax holding period of at least 46 days during the 91-day period beginning on the date that is 45 days before the date on which the stock becomes ex-dividend as to that dividend and (2) that is held in an unleveraged position) and distributed and appropriately so reported by the Fund may be eligible for the 50% dividends-received deduction generally available to certain corporations under the Code. Certain preferred stock must have a holding period of at least 91 days during the 181-day period beginning on the date that is 90 days before the date on which the stock becomes ex-dividend as to that dividend in order to be eligible for this corporate dividends-received deduction. Capital gain dividends distributed to the Fund from other regulated investment companies are not eligible for the dividends-received deduction. The Fund is permitted to acquire stock of U.S. domestic corporations, and it is therefore possible that a portion of the Fund's distributions may qualify for this deduction. In order to qualify for the deduction, corporate shareholders must meet the minimum holding period requirement stated above with respect to their Fund shares, taking into account any holding period reductions from certain hedging or other transactions or positions that diminish their risk of loss with respect to their Fund shares, and, if they borrow to acquire or otherwise incur debt attributable to Fund shares, they may be denied a portion of the dividends-received deduction with respect to those shares. Any corporate shareholder should consult its tax adviser regarding the possibility that its tax basis in its shares may be reduced, for U.S. federal income tax purposes, by reason of "extraordinary dividends" received with respect to the shares and, to the extent such basis would be reduced below zero, current recognition of income may be required. As of the date of this Prospectus, the Fund does not expect to make significant distributions (if any) that will be eligible for the dividends-received deduction for corporations.

Distributions from net capital gains, if any, that are reported to a Fund shareholder as capital gain dividends by the Fund are taxable as long-term capital gains for U.S. federal income tax purposes without regard to the length of time the shareholder has held shares of the Fund. Capital gain dividends distributed by the Fund to individual and certain other noncorporate shareholders will be taxed as long-term capital gains, which are generally taxable to noncorporate taxpayers at reduced U.S. federal income tax rates relative to ordinary income. A shareholder should also be aware that the benefits of the favorable tax rates applicable to long-term capital gains and qualified dividend income may be affected by the application of the alternative minimum tax to individual shareholders.

The U.S. federal income tax status of all distributions will be reported to shareholders annually.

A 3.8% Medicare contribution tax generally applies to all or a portion of the net investment income of a shareholder who is an individual and not a nonresident alien for federal income tax purposes and who has adjusted gross income (subject to certain adjustments) that exceeds a threshold amount ($250,000 if married filing jointly or if considered a "surviving spouse" for federal income tax purposes, $125,000 if married filing separately, and $200,000 in other cases).

This 3.8% tax also applies to all or a portion of the undistributed net investment income of certain shareholders that are estates and trusts. For these purposes, interest, dividends and certain capital gains (among other categories of income) are generally taken into account in computing a shareholder's net investment income.

Although dividends generally will be treated as distributed when paid, any dividend declared by the Fund in October, November or December and payable to shareholders of record in such a month that is paid during January of the following calendar year will be treated for U.S. federal income tax purposes as received by shareholders on December 31 of the calendar year in which it was declared. In addition, certain distributions made after the close of a taxable year of the Fund may be "spilled back" and treated for certain purposes as paid by the Fund during such taxable year. In such case, however, shareholders generally will be treated as having received such dividends in the taxable year in which the distributions were actually made. For purposes of calculating the amount of a regulated investment company's undistributed income and gain subject to the 4% excise tax described above, such "spilled back" dividends are treated as paid by the regulated investment company when they are actually paid.

For U.S. federal income tax purposes, the Fund is permitted to carry forward indefinitely a net capital loss incurred in any taxable year to offset its capital gains, if any, in taxable years following the taxable year of the loss. To the extent subsequent capital gains are offset by such losses, they will not cause the Fund to incur a U.S. federal income tax liability and may not be distributed as capital gain dividends to shareholders. Generally, the Fund may not carry forward any losses other than net capital losses. Under certain circumstances, the Fund may elect to treat certain losses as though they were incurred on the first day of the taxable year immediately following the taxable year in which they were actually incurred.

At the time of a purchase of Fund shares, a portion of the purchase price paid by a Fund shareholder may be attributable to unrealized appreciation in the Fund's portfolio, or to undistributed investment income or capital gains of the Fund. Consequently, subsequent distributions by the Fund with respect to these shares from such appreciation, investment income or gains may be taxable to such investor even if the NAV of the investor's shares is, as a result of the distributions, reduced below the investor's cost for such shares and the distributions economically represent a return of a portion of the investment.

A repurchase by the Fund of its shares from a shareholder generally is expected to be treated as a sale of the shares by the shareholder. If, however, the shareholder continues to own shares of the Fund after the repurchase (including shares owned by attribution), and if the repurchase does not otherwise qualify under the Code for treatment as a sale of shares, some or all of the amounts received by a shareholder in a repurchase may be recharacterized either as an ordinary income dividend or as a capital gain dividend. There is also a risk that shareholders who do not participate in the repurchase may be deemed to have received such a distribution as a result of their proportionate increase in the ownership of the Fund. The Fund will use its judgment in reporting repurchases as sales or deemed distributions of ordinary income dividends or capital gain dividends for U.S. federal income tax purposes, but the IRS may disagree with the Fund's reporting. Shareholders should consult their own tax advisers with reference to their individual circumstances to determine whether any particular transaction in Fund shares (including a repurchase) is properly treated as a sale for tax purposes, as the following discussion assumes, and to ascertain the tax treatment of any gains or losses recognized in such transactions.

In general, if Fund shares are sold, the selling shareholder will recognize gain or loss equal to the difference between the amount realized on the sale and the shareholder's adjusted basis in the shares. Such gain or loss generally will be treated as long-term capital gain or loss if the shares were held for more than one year and otherwise generally will be treated as short-term capital gain or loss. Any loss recognized by a shareholder upon the sale or other disposition of shares with a tax holding period of six months or less will be treated as a long-term capital loss to the extent of any amounts treated as distributions to the shareholder of long-term capital gain with respect to such shares (including any amounts credited to the shareholder as undistributed capital gains).

The Fund may report to the IRS the amount of proceeds that a shareholder receives from a repurchase of Fund shares. The Fund may also report the shareholder's basis in those shares and whether any gain or loss that the shareholder realizes on the repurchase is short-term or long-term gain or loss. If a shareholder has a different basis for different shares of the Fund in the same account (e.g., if a shareholder purchased Fund shares in the same account at different times for different prices, including as the result of reinvestment of dividends), the Fund will calculate the basis of the shares using its default method unless the shareholder has properly elected to use a different method. The Fund's default method for calculating basis will be the average basis method, under which the basis per share is reported as the average of the bases of all of the shareholder's Fund shares in the account. A shareholder may elect, on an account-by-account basis, to use a method other than average basis by following procedures established by the Fund. If such an election is made on or prior to the date of the first repurchase of shares in the account and on or prior to the date that is one year after the shareholder receives notice of the Fund's default method, the new election will generally apply as if the average basis method had never been in effect for such account. If such an election is not made on or prior to such dates, the shares in the account at the time of the election will generally retain their averaged bases. Shareholders should consult their tax advisers concerning the tax consequences of applying the average basis method or electing another method of basis calculation.

Losses on repurchases of shares may be disallowed under "wash sale" rules in the event of other investments in the Fund (including those made pursuant to reinvestment of distributions) within a period of 61 days beginning 30 days before and ending 30 days after a repurchase or other disposition of shares. In such a case, the disallowed portion of any loss generally would be included in the U.S. federal tax basis of the shares acquired in the other investments.

Under Treasury Regulations, if a shareholder recognizes a loss with respect to Fund shares of $2 million or more for an individual shareholder, or $10 million or more for a corporate shareholder, in any single taxable year (or certain greater amounts over a combination of years), the shareholder must file with the IRS a disclosure statement on IRS Form 8886. Shareholders who own portfolio securities directly are in many cases excepted from this reporting requirement but, under current guidance, shareholders of regulated investment companies are not excepted. A shareholder who fails to make the required disclosure to the IRS may be subject to adverse tax consequences, including substantial penalties. The fact that a loss is reportable under these regulations does not affect the legal determination of whether or not the taxpayer's treatment of the loss is proper. Shareholders should consult with their tax advisers to determine the applicability of these regulations in light of their individual circumstances.

Shareholders that are exempt from U.S. federal income tax, such as retirement plans that are qualified under Section 401 of the Code, generally are not subject to U.S. federal income tax on Fund dividends or distributions, or on repurchases of Fund shares unless the Fund shares are "debt-financed property" within the meaning of the Code. However, in the case of Fund shares held through a non-qualified deferred compensation plan, Fund dividends and distributions received by the plan and gains from repurchases of Fund shares by the plan generally are taxable to the employer sponsoring such plan in accordance with the U.S. federal income tax laws that are generally applicable to shareholders receiving such dividends or distributions from regulated investment companies such as the Fund.

A plan participant whose retirement plan invests in the Fund, whether such plan is qualified or not, generally is not subject to tax on Fund dividends or distributions received by the plan or on gains from repurchases of Fund shares by the plan for U.S. federal income tax purposes. However, distributions to plan participants from a retirement plan account generally are taxable as ordinary income, and different tax treatment, including penalties on certain excess contributions and deferrals, certain pre-retirement and post-retirement distributions and certain prohibited transactions, is accorded to accounts maintained as qualified retirement plans. Shareholders should consult their tax advisers for more information.

Foreign exchange gains and losses realized by the Fund in connection with certain transactions involving foreign currency-denominated debt securities, certain options, futures contracts, forward contracts and similar financial instruments relating to foreign currency, foreign currencies, or payables or receivables denominated in a foreign currency are subject to Section 988 of the Code, which generally causes such gains and losses to be treated as ordinary income and losses and may affect the amount, timing and character of distributions to shareholders. Under Treasury Regulations that may be promulgated in the future, any gains from such transactions that are not directly related to the Fund's principal business of investing in stock or securities (or its options contracts or futures contracts with respect to stock or securities) may have to be limited in order to enable the Fund to satisfy the 90% income test.

Certain investments made by the Fund (including equity tranche investments in CLOs) may be treated as equity interests in PFICs for federal income tax purposes. In general, a PFIC is a foreign corporation (i) that earns at least 75% of its annual gross income from passive sources (such as interest, dividends, certain rents and royalties, or capital gains) or (ii) where at least 50% of its assets (computed based on average fair market value) either produce or are held for the production of passive income. If the Fund directly or indirectly holds any equity interest (under Treasury Regulations that may be promulgated in the future, generally including not only stock but also an option to acquire stock such as is inherent in a convertible bond) in a PFIC, the Fund could be subject to U.S. federal income tax and additional interest charges on "excess distributions" received (directly or indirectly) from the PFIC or on any gain recognized by the Fund (directly or indirectly) from the sale or other disposition of stock in the PFIC, even if all income or gain actually earned by the Fund is timely distributed to its shareholders. The Fund would not be able to pass through to its shareholders any credit or deduction for such a tax. Gains recognized by the Fund from the sale or other disposition of stock of PFICs may also be treated as ordinary income.

A "qualified electing fund" election or a "mark to market" election may be available that would ameliorate these adverse tax consequences, but such elections could require the Fund to recognize taxable income or gain (which would be subject to the distribution requirements applicable to regulated investment companies, as described above) without the concurrent receipt of cash. In order to satisfy the distribution requirements with respect to such income or gain and avoid a tax on the Fund, the Fund may be required to liquidate portfolio securities that it might otherwise have continued to hold (potentially resulting in taxable gain or loss to the Fund and potentially under disadvantageous circumstances), or the Fund may be required to borrow cash. In order for the Fund to make a qualified electing fund election with respect to a PFIC, the PFIC would have to agree to provide certain tax information to the Fund on an annual basis, which it might not agree to do. If the Fund makes a valid qualified electing fund election with respect to a PFIC, the Fund will include in its income each year its pro rata share of the PFIC's net capital gains (as long-term capital gain) and other earnings and profits (as ordinary income), whether or not any amounts are distributed from the PFIC to the Fund. If the qualified electing fund election is made, actual cash distributions by the

PFIC paid out of earnings and profits already included in taxable income will not be taken into account in determining the taxable income of the Fund. Any gain or loss recognized by the Fund from the sale or other disposition of stock of a PFIC for which the Fund has made a qualified electing fund election will generally be treated as a capital gain or loss. If the Fund makes a mark-to-market election with respect to a PFIC, the Fund generally will include as ordinary income each taxable year the excess, if any, of the fair market value of its stock in the PFIC at the end of the year over its adjusted tax basis in that stock, and the Fund generally will be allowed to take an ordinary loss in respect of the excess, if any, of its adjusted tax basis in that stock over the fair market value of that stock at the end of the year (but only to the extent of the net amount of income previously included by the Fund as a result of the mark-to-market election). If the Fund makes a mark-to-market election with respect to a PFIC, then any gain recognized by the Fund from the sale or other disposition of the stock of a PFIC will generally be treated as ordinary income, and any loss so recognized will be treated as an ordinary loss to the extent of the net amount of income previously included by the Fund as a result of the mark-to-market election. The Fund may limit and/or manage its holdings in PFICs to limit its tax liability or maximize its after-tax return from these investments.

If the Fund owns (directly or indirectly) 10% or more of the total combined voting power of all classes of stock of a foreign corporation or 10% or more of the total value of shares of all classes of stock of a foreign corporation (including, in each case, certain interests in CLOs), the Fund will be treated as a "U.S. Shareholder" for purposes of determining whether such foreign corporation is a CFC. If the Fund is a U.S. Shareholder with respect to such foreign corporation and a sufficient portion of the interests in such foreign corporation (including equity tranche investments in CLOs) are held by the Fund, independently or together with certain other U.S. Shareholders, such foreign corporation would be treated as a CFC with respect to the Fund, in which case the Fund will be required to take into account each year, as ordinary income, its share of certain portions of such CFC's income, whether or not such amounts are distributed. The Fund may have to dispose of its portfolio securities (potentially resulting in the recognition of taxable gain or loss, and potentially under disadvantageous circumstances) to generate cash, or may have to borrow the cash, to meet its distribution requirements and avoid Fund-level taxes. In addition, some Fund gains recognized from the sale or other disposition of interests in such an issuer may be treated as ordinary income. The Fund may limit and/or manage its holdings in issuers that could be treated as CFCs in order to limit its tax liability or maximize its after-tax return from these investments.

If the Fund invests in certain pay-in-kind securities, zero coupon securities, deferred interest securities or, in general, any other securities with original issue discount (or with market discount if the Fund elects to include market discount in income currently), the Fund generally must accrue income on such investments for each taxable year, which generally will be recognized by the Fund as a component of its investment company taxable income prior to the receipt of the corresponding cash payments. However, the Fund must distribute to its shareholders, at least annually, all or substantially all of its investment company taxable income (determined without regard to the deduction for dividends paid), including such accrued income, in order to qualify to be treated as a regulated investment company under the Code and avoid U.S. federal income and excise taxes. Therefore, the Fund may have to dispose of its portfolio securities, potentially under disadvantageous circumstances, to generate cash, or may have to borrow the cash, to satisfy distribution requirements. Such a disposition of securities may potentially result in additional taxable gain or loss to the Fund.

The Fund may invest to a significant extent in, or hold, debt instruments that are below investment grade or that are unrated, including debt instruments of issuers not currently paying interest or that are in default. Investments in debt instruments that are at risk of or are in default present special tax issues for the Fund. Federal income tax rules are not entirely clear about issues such as when the Fund may cease to accrue interest, original issue discount or market discount, when and to what extent deductions may be taken for bad debts or worthless securities, how payments received on debt instruments in default should be allocated between principal and interest and whether certain exchanges of debt instruments in a workout context are taxable events for U.S. federal income tax purposes. These and other issues will be addressed by the Fund, in the event it invests in or holds such debt instruments, in order to seek to mitigate the risk that it fails to distribute sufficient income to preserve its qualification for treatment as a regulated investment company and minimize U.S. federal income or excise tax.

Options written or purchased and futures contracts entered into by the Fund on certain securities, indices and foreign currencies, as well as certain forward foreign currency contracts and similar financial instruments, may cause the Fund to recognize gains or losses from marking-to-market even though such options may not have lapsed or been closed out or exercised, or such futures or forward contracts or similar financial instruments may not have been performed or closed out. The tax rules applicable to these contracts, options and similar financial instruments may affect the characterization of some capital gains and losses realized by the Fund as long-term or short-term. Certain options, futures and forward contracts and similar financial instruments relating to foreign currency may be subject to Section 988 of the Code, as described above, and accordingly may produce ordinary income or loss. Additionally, the Fund may be required to recognize gain if an option, futures contract, forward contract, short sale or similar transaction that is not subject to the mark-to-market rules is treated as a "constructive sale" of an "appreciated financial position" held by the Fund under Section 1259 of the Code. Any net mark-to-market gains and/or gains from constructive sales may also have to be distributed to satisfy the distribution requirements referred to above even though the Fund may receive no corresponding cash amounts, possibly requiring the disposition of portfolio securities or borrowing to obtain the necessary cash. Such a disposition of securities may potentially result in additional taxable gain or loss to the Fund. Losses on certain options, futures or forward contracts and similar financial instruments, and/or offsetting positions (portfolio securities or other positions with respect to which the Fund's risk of loss is substantially diminished by one or more options, futures or forward contracts) may also be deferred under the tax straddle rules of the Code, which may also affect the characterization of capital gains or losses from straddle positions and certain successor positions as long-term or short-term. Certain tax elections may be available that would enable the Fund to ameliorate some adverse effects of the tax rules described in this paragraph. The tax rules applicable to options, futures, forward contracts and straddles may affect the amount, timing and character of the Fund's income and gains or losses and hence of its distributions to shareholders.

The Fund will not be considered a "publicly offered" regulated investment company if it does not have at least 500 shareholders at all times during a taxable year and its shares are not treated as continuously offered pursuant to a public offering. If for any taxable year the Fund were not a "publicly offered" regulated investment company within the meaning of Section 67(c)(2)(B) of the Code, certain of the Fund's direct and indirect expenses would be subject to special rules relating to expenses. Very generally, pursuant to Treasury Regulations, expenses of a regulated investment company that is not "publicly offered," except those specific to its status as a regulated investment company or separate entity (e.g., registration fees or transfer agency fees), are treated as additional dividends to certain Fund shareholders (generally including other regulated investment companies that are not "publicly offered," individuals and entities that compute their taxable income in the same manner as individuals) and, for years beginning after December 31, 2017 and before January 1, 2026, are not deductible by those shareholders that are individuals (or entities that compute their taxable income in the same manner as individuals).

The Fund may be subject to withholding and other taxes imposed by foreign countries, including taxes imposed on interest, dividends and capital gains with respect to its investments in those countries. Any such taxes would, if imposed, reduce the yield on or return from those investments. Tax conventions between certain countries and the U.S. may reduce or eliminate such taxes in some cases. If more than 50% of the Fund's total assets at the close of any taxable year consist of stock or securities of foreign corporations, the Fund may elect to pass through to its shareholders their pro rata shares of qualified foreign taxes paid by the Fund for that taxable year. If the Fund so elects, shareholders would be required to include such taxes in their gross incomes (in addition to the dividends and distributions they actually receive), would treat such taxes as foreign taxes paid by them, and as described below may be entitled to a tax deduction for such taxes or a tax credit, subject to a holding period requirement and other limitations under the Code.

Qualified foreign taxes generally include taxes that would be treated as income taxes under U.S. tax regulations but do not include certain taxes, such as stamp taxes, securities transaction taxes, and similar taxes. If the Fund qualifies to make, and makes, the election described above, shareholders may deduct their pro rata portion of qualified foreign taxes paid by the Fund for that taxable year in computing their income subject to U.S. federal income taxation or, alternatively, claim them as credits, subject to applicable limitations under the Code, against their U.S. federal income taxes. Shareholders who do not itemize deductions for U.S. federal income tax purposes will not, however, be able to deduct their pro rata portion of qualified foreign taxes paid by the Fund, although such shareholders will be required to include their shares of such taxes in gross income if the Fund makes the election described above. No deduction for such taxes will be permitted to individuals in computing their alternative minimum tax liability.

If the Fund makes this election and a shareholder chooses to take a credit for the foreign taxes deemed paid by such shareholder, the amount of the credit that may be claimed in any taxable year may not exceed the same proportion of the U.S. tax against which such credit is taken that the shareholder's taxable income from foreign sources (but not in excess of the shareholder's entire taxable income) bears to his entire taxable income. For this purpose, long-term and short-term capital gains the Fund realizes and distributes to shareholders will generally not be treated as income from foreign sources in their hands, nor will distributions of certain foreign currency gains subject to Section 988 of the Code or of any other income recognized by the Fund that is deemed, under the Code, to be U.S.-source income in the hands of the Fund. This foreign tax credit limitation may also be applied separately to certain specific categories of foreign-source income and the related foreign taxes. As a result of these rules, which may have different effects depending upon each shareholder's particular tax situation, certain shareholders may not be able to claim a credit for the full amount of their proportionate share of the foreign taxes paid by the Fund. Shareholders who are not liable for U.S. federal income taxes, including tax-exempt shareholders, will ordinarily not benefit from this election. If the Fund does make the election, it will provide required tax information to shareholders. The Fund generally may deduct any foreign taxes that are not passed through to its shareholders in computing its income available for distribution to shareholders to satisfy applicable tax distribution requirements. Under certain circumstances, if the Fund receives a refund of foreign taxes paid in respect of a prior year, the value of Fund shares may be affected, or any foreign tax credits or deductions passed through to shareholders in respect of the Fund's foreign taxes for the current year could be reduced.

The Fund is required to withhold (as "backup withholding") a portion of reportable payments, including dividends, capital gain distributions and the proceeds of repurchases of Fund shares, paid to shareholders who have not complied with certain IRS regulations. The backup withholding rate is currently 24%. In order to avoid this withholding requirement, shareholders, other than certain exempt entities, must generally certify that the Social Security Number or other Taxpayer Identification Number they provide is their correct number and that they are not currently subject to backup withholding, or that they are exempt from backup withholding. The Fund may nevertheless be required to backup withhold if it receives notice from the IRS or a broker that the number provided is incorrect or backup withholding is applicable as a result of previous underreporting of interest or dividend income.

Backup withholding is not an additional tax. Any amounts withheld may be credited against the applicable shareholder's federal income tax liability, provided the appropriate information is timely furnished to the IRS.

Persons holding Fund shares who are not U.S. persons may be subject to different U.S. federal income tax treatment, including a non-resident alien U.S. withholding tax at the rate of 30% or any lower applicable treaty rate on amounts treated as ordinary dividends from the Fund (other than certain dividends reported by the Fund as (i) interest-related dividends, to the extent such dividends are derived from the Fund's "qualified net interest income," or (ii) short-term capital gain dividends, to the extent such dividends are derived from the Fund's "qualified short-term gain") or, in certain circumstances, unless an effective IRS Form W-8BEN or other applicable and authorized U.S. nonresident withholding certificate is on file, to backup withholding on certain other payments from the Fund. "Qualified net interest income" is generally the Fund's net income derived from U.S.-source interest and original issue discount, subject to certain exceptions and limitations. "Qualified short-term gain" generally means the excess of the net short-term capital gain of the Fund for the taxable year over its net long-term capital loss, if any. Backup withholding will not be applied to payments that have been subject to the 30% (or lower applicable treaty rate) withholding tax described in this paragraph.

Unless certain non-U.S. entities that hold Fund shares comply with IRS requirements that will generally require them to report information regarding U.S. persons investing in, or holding accounts with, such entities, a 30% withholding tax may apply to Fund distributions payable to such entities. A non-U.S. shareholder may be exempt from the withholding described in this paragraph under an applicable intergovernmental agreement between the U.S. and a foreign government, provided that the shareholder and the applicable foreign government comply with the terms of such agreement.

Income earned by a non-U.S. shareholder from the Fund that is effectively connected with a trade or business conducted by the non-U.S. shareholder in the U.S. ("effectively connected income") generally will be subject to federal income tax at the graduated rates applicable to U.S. citizens, residents or domestic corporations, whether such income is received in cash or reinvested in Fund shares and, in the case of a non-U.S. corporation, may also be subject to a branch profits tax.

Shareholders should consult their own tax advisers on these matters and on state, local, foreign and other applicable tax laws.

If, as anticipated, the Fund qualifies as a regulated investment company under the Code, it is expected that the Fund will not be subject to pay any Delaware corporation income tax; however, the Fund may be subject to certain other state, local or foreign income, franchise or other taxes.

A state income (and possibly local income and/or intangible property) tax exemption is generally available to the extent the Fund's distributions are derived from interest on (or, in the case of intangible property taxes, to the extent the value of its assets is attributable to) certain U.S. Government obligations, provided, in some states, that certain thresholds for holdings of such obligations and/or reporting requirements are satisfied. The Fund will not seek to satisfy any threshold or reporting requirements that may apply in particular taxing jurisdictions, although the Fund may in its sole discretion provide relevant information to shareholders.

NET ASSET VALUE

The NAV of the Fund's shares is determined by dividing the total value of the Fund's portfolio investments, plus cash and other assets, less any liabilities (including accrued expenses or dividends), by the total number of shares outstanding. The Fund's shares are valued as of a particular time (the "Valuation Time") each day that the NYSE opens for business.[1] The Valuation Time is ordinarily at the close of regular trading on the NYSE (normally 4:00 p.m. Eastern time). The Fund's most recent NAV is available on the Fund's website, www.citynationalrochdalefunds.com.

The Board has approved procedures pursuant to which the Fund will value its investments. In accordance with these procedures, the Fund's investments for which market quotations are readily available are valued at market value. Market values for various types of securities and other instruments are determined on the basis of closing prices or last sale prices on an exchange or other market, or based on quotes or other market information obtained from quotation reporting systems, established market makers, brokers, data delivery vendors, or pricing services.

The Fund's portfolio will consist primarily of debt and other credit-related investments. The price for these investments, including CLO investments, Warehouse Investments and investments in Risk Retention Vehicles, will generally be based on prices provided by the Fund's approved independent third party pricing services. Pricing services may use evaluated or matrix pricing or valuation models that utilize certain inputs and assumptions to derive values. Debt and other credit-related investments may also be valued based on quotations obtained from unaffiliated market makers and other financial institutions that trade in similar investments. Short-term debt obligations that will mature in 60 days or less are valued at amortized cost, unless it is determined that using this method would not reflect an investment's fair value.

1 As of the date of this Prospectus, the NYSE is open from Monday through Friday, 9:30 a.m. to 4:00 p.m., Eastern Time, and will generally close on, and in observation of the following holidays: New Year's Day, Martin Luther King, Jr. Day, Washington's Birthday, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

If market quotations are not readily available for an investment or the Adviser reasonably believes that a valuation of an investment from an independent third party pricing service is inaccurate or unreliable, such investment will be valued as determined in good faith pursuant to policies and procedures approved by the Board ("fair value pricing") by a Fair Value Committee formed by the Adviser to monitor and implement the fair valuation process with respect to the Fund. The Board reviews all fair value determinations typically at its regularly scheduled meetings. In these circumstances, the Fair Value Committee determines fair value in a manner that seeks to reflect the market value of the security on the valuation date based on consideration of any information or factors it deems appropriate as further described below. For purposes of determining the fair value of securities, the Fair Value Committee may consider, without limitation: (i) indications or quotes from brokers, insurance companies, or reinsurance companies; (ii) valuations provided by a third-party pricing agent; (iii) internal models that take into consideration different factors determined to be relevant by the Adviser; (iv) the Adviser's and/or Sub-Adviser's valuation recommendation and information supporting the recommendation; or (v) any combination of the above. Fair value pricing may require subjective determinations about the value of an asset or liability.

The values of the Fund's investments in publicly traded foreign equity securities generally will be determined by a pricing service using pricing models designed to estimate likely changes in the values of those securities between the times in which the trading in those securities is substantially completed and the close of the NYSE. Fair values used to determine the Fund's NAV may differ from quoted or published prices, or from prices that are used by others, for the same investments. The use of fair value pricing may not always result in adjustments to the prices of securities or other assets or liabilities held by the Fund.

Valuing securities in accordance with fair value procedures involves greater reliance on judgment than valuing securities based on readily available market quotations. It is possible that the fair value determined for a security may be materially different than the value that could be realized upon the sale of such security. Thus, fair valuation may have an unintended dilutive or accretive effect on the value of shareholders' investments in the Fund. Information that becomes known to the Fund or its agents after the NAV has been calculated on a particular day will not be used to retroactively adjust the price of a security or the NAV determined earlier that day.

Investments initially valued in currencies other than the U.S. dollar are converted to U.S. dollars using exchange rates obtained from pricing services. As a result, the NAV of the Fund's shares may be affected by changes in the value of currencies in relation to the U.S. dollar. International markets are sometimes open on days when U.S. markets are closed, which means that the value of foreign securities owned by the Fund could change on days when Fund shares cannot be bought or sold. The value of investments traded in markets outside the U.S. or denominated in currencies other than the U.S. dollar may be affected significantly on a day that the NYSE is closed, and the NAV of the Fund's shares may change on days when an investor is not able to purchase shares or have their shares repurchased by the Fund. The calculation of the Fund's NAV may not take place contemporaneously with the determination of the prices of foreign securities used in NAV calculations.

DESCRIPTION OF SHARES

The Fund is authorized to issue an unlimited number of common shares, without par value. All shares have equal rights to the payment of dividends and other distributions and the distribution of assets upon liquidation. Shares, when issued and outstanding, will be fully paid and non-assessable. Shareholders are entitled to share pro rata in the net assets of the Fund available for distribution to common shareholders upon liquidation of the Fund. Common shareholders are entitled to one vote for each share held.

As of September 1, 2020, the following number of shares were outstanding:

Title of Class	**Amount Authorized**	**Amount Held by the Fund for its Own Account**	**Outstanding Shares**
Common Shares	Unlimited	0	10,940,367.429

The following is a list of the record holders of 5% or more of any class of the Fund's outstanding shares as of September 1, 2020.

Record Holder	Share Class	Number of Shares	% of Class
Pershing LLC 1 Pershing Plz Jersey City, NJ 07399-001	Common Shares	4,547,958.706	41.57%
SEI Private Trust Co C/O City National Bank ID 541 Attn: Mutual Fund Admin 1 Freedom Valley Dr Oake, PA 19456-9989	Common Shares	3,189,966.469	29.16%
National Financial Services LLC 499 Washington Blvd Jersey City, NJ 07310-1995	Common Shares	2,982,342.174	27.26%

As of September 1, 2020, the following record holders held more than 25% of the outstanding shares of the Fund. A person may be deemed to control the Fund if such person owns more than 25% of the outstanding shares of the Fund.

Record Holder	Share Class	Number of Shares	% of Class
Pershing LLC 1 Pershing Plz Jersey City, NJ 07399-001	Common Shares	4,547,958.706	41.57%
SEI Private Trust Co C/O City National Bank ID 541 Attn: Mutual Fund Admin 1 Freedom Valley Dr Oake, PA 19456-9989	Common Shares	3,189,966.469	29.16%
National Financial Services LLC 499 Washington Blvd Jersey City, NJ 07310-1995	Common Shares	2,982,342.174	27.26%

CERTAIN PROVISIONS OF THE AGREEMENT AND DECLARATION OF TRUST AND BY-LAWS

The Declaration of Trust includes provisions that could have the effect of limiting the ability of other entities or persons to acquire control of the Fund or to change the composition of its Board and could have the effect of depriving shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund.

Although the Fund is not required to hold annual meetings of its shareholders, except as required by law, a special meeting of shareholders may be called at any time by the Chairman, President or Trustees of the Fund. A special meeting of shareholders may also be called by the Secretary of the Fund at the written request of shareholders holding at least a majority of the outstanding shares entitled to vote at such meeting, under certain circumstances, as provided in the Declaration of Trust or in the By-Laws.

A Trustee may be removed from office only (i) by action of at least a majority of the remaining Trustees if such removal is approved by the action of at least three-quarters (3/4) of the outstanding shares, or (ii) by the action of at least three-quarters (3/4) of the remaining Trustees, specifying the date when such removal shall become effective.

The Declaration of Trust provides for shareholder voting as required by the 1940 Act or other applicable laws but otherwise permits, consistent with Delaware law, actions by the Trustees without seeking the consent of shareholders. The Trustees may, without shareholder approval, where approval of shareholders is not otherwise required under the 1940 Act, merge or consolidate the Fund into other entities, reorganize the Fund into another trust or entity or a series or class of another entity, sell the assets of the Fund to another entity, or terminate the Fund.

The Fund may be converted to an open-end investment company at any time by a vote of the outstanding shares. Conversion of the Fund to an open-end investment company would require the affirmative vote of three-quarters (3/4) of the Trustees the in office, followed by a favorable vote of the holders of at least a majority of fund's outstanding shares. Such a vote also would satisfy a separate requirement in the 1940 Act that the change be approved by the shareholders. Shareholders of an open-end investment company may require the company to redeem their shares of common stock at any time (except in certain circumstances as authorized by or under the 1940 Act) at their NAV, or NAV per share less such redemption charge, if any, as might be in effect at the time of a redemption. All such redemptions generally will be made in cash. If the Fund is converted to an open-end investment company, it could be required to liquidate portfolio securities to meet requests for redemption.

Conversion to an open-end investment company would also require changes in certain of the Fund's investment policies and restrictions, such as those relating to leverage and the purchase of illiquid securities.

The Declaration of Trust requires the favorable vote of the holders of at least three-quarters (3/4) of the outstanding shares of the Fund to approve, adopt or authorize certain transactions with 5% or greater holders of the outstanding shares of the Fund and their affiliates or associates. For purposes of these provisions, a 5% or greater holder of the outstanding shares of the Fund (a "Principal Shareholder") refers to any person who, whether directly or indirectly and whether alone or together with its affiliates and associates, beneficially owns 5% or more of the outstanding shares of the Fund. The 5% holder transactions subject to these special approval requirements are:

- the merger or consolidation of the Fund or any subsidiary of the Fund with or into any Principal Shareholder;
- the issuance of any securities of the Fund to any Principal Shareholder for cash, other than pursuant to a dividend reinvestment or similar plan available to all shareholders of the Fund;
- the sale, lease or exchange of all or any substantial part of the assets of the Fund to any Principal Shareholder, except assets having an aggregate fair market value of less than $1,000,000, aggregating for the purpose of such computation all assets sold, leased or exchanged in any series of similar transactions within a 12-month period; and
- the sale, lease or exchange to the Fund or any subsidiary of the Fund, in exchange for securities of the Fund, of any assets of any Principal Shareholder, except assets having an aggregate fair market value of less than $1,000,000, aggregating for purposes of such computation all assets sold, leased or exchanged in any series of similar transactions within a 12-month period.

ADMINISTRATOR, FUND ACCOUNTING AGENT, DISTRIBUTOR, CUSTODIAN AND TRANSFER AGENT

SEI Investments Global Funds Services, a wholly-owned subsidiary of SEI Investments, Co., located at One Freedom Valley Drive, Oaks, Pennsylvania 19456, serves as the Fund's administrator and fund accounting agent (the "Administrator"). SEI Investments Distribution Co., a wholly-owned subsidiary of SEI Investments, Co., located at One Freedom Valley Drive, Oaks, Pennsylvania 19456, serves as the Fund's distributor (the "Distributor"). U.S. Bank, N.A., located at 1555 N. Rivercenter Drive, Milwaukee, Wisconsin 53212, serves as the Fund's custodian (the "Custodian"). U.S. Bank Global Fund Services, LLC, located at 615 East Michigan Street, Milwaukee, Wisconsin 53202, serves as the Fund's transfer agent (the "Transfer Agent").

The Fund compensates the Administrator, the Custodian and the Transfer Agent for their services. The Distributor is not compensated for its services to the Fund.

TABLE OF CONTENTS FOR THE STATEMENT OF ADDITIONAL INFORMATION

	PAGE
Fund history	**1**
Use of proceeds	**1**
Investment practices and policies	**1**
Trustees and officers	**32**
Investment adviser and other fund service providers	**40**
Portfolio management	**46**
Portfolio transactions	**48**
Purchase of shares; Repurchase of shares	**49**
Pricing of shares	**50**
Description of shares	**51**
Tax status	**53**
Financial statements	**63**
Additional information	**63**
Appendix A—Description of ratings	**A-1**
Appendix B—Summary of Proxy Voting Policy	**B-1**

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PRIVACY PRINCIPLES

The Fund knows our shareholders expect and rely upon us to maintain the confidentiality and privacy of all of the information about them in our possession and control. Maintaining the trust and confidence of our shareholders is our highest priority. The Fund has a Privacy Policy to guide the Fund's conduct when it collects, uses, maintains or releases nonpublic personal information from the Fund's shareholders and prospective shareholders. Certain information regarding the Privacy Policy is summarized below.

We will obey all applicable laws respecting the privacy of nonpublic personal information and will comply with the obligations of the law respecting nonpublic personal information provided to us. The Fund may obtain nonpublic personal information from and about its shareholders and prospective shareholders from different sources, including the following: (i) information we receive from shareholders and prospective shareholders directly or through their financial intermediaries, on subscription agreements, forms or other documents; (ii) information about shareholder transactions with the Fund, its affiliates or others; (iii) information about a shareholder's transactions with nonaffiliated third parties; (iv) information from or about a shareholder collected online; and (v) information we receive from a consumer reporting agency. We collect, use and retain the information, including nonpublic personal information, about our shareholders and prospective shareholders that we believe is necessary for us to, among other things, understand and better meet their financial needs and requests, to administer and maintain their accounts, to provide them with our products and services, to anticipate their future needs, to protect them and us from fraud or unauthorized transactions, and to meet legal requirements.

We may share information regarding our shareholders with our affiliates as permitted by law because some of our products and services are delivered through or in conjunction with our affiliates. We instruct our colleagues and applicable affiliates to limit the availability of all shareholder information within their respective organizations to those colleagues responsible for servicing the needs of the shareholder and those colleagues who reasonably need such information to perform their duties and as required or permitted by law.

We do provide shareholder information, including nonpublic personal information, to our vendors and other outside service providers whom we use when appropriate or necessary to perform and enhance our shareholder services. When we provide shareholder information to anyone outside our organization, we only do so as required or permitted by law. We require all of our vendors and service providers who receive shareholder information from us to agree to maintain the information in confidence, to limit the use and dissemination of the information to the purpose for which it is provided and to abide by the law. To the extent permitted by law, we undertake to advise a shareholder of any government or other legal process served on us requiring disclosure of information about that shareholder.

We generally limit our disclosure of nonpublic personal information to third parties to the following circumstances: (i) when requested to do so by the shareholder; (ii) when necessary, in our opinion, to effect, administer, or enforce a shareholder initiated transaction or a shareholder request for a product or service; and (iii) when required or permitted to do so by law or regulation, including authorized requests from government agencies and if we are the victim of fraud or otherwise suffer loss caused by the unlawful act of the shareholder.

We maintain physical, electronic and procedural safeguards that are designed to guard all shareholder information. In addition, we educate all our colleagues about the Privacy Policy and their obligations to maintain confidentiality and privacy of shareholder information as summarized here and we take appropriate disciplinary measures to enforce these obligations.

A full copy of the Fund's Privacy Principles is available upon request from the Fund. Should you have any questions regarding the Policy, please contact your investment professional or the Fund at 1-888-889-0799.

City National Rochdale Strategic Credit Fund

PROSPECTUS

September 30, 2020

You should rely only on the information contained in or incorporated by reference into this Prospectus. The Fund has not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it.