ZAISGroup

SUSTAINABILITY REPORT
2024

INVESTING IN OUR FUTURE

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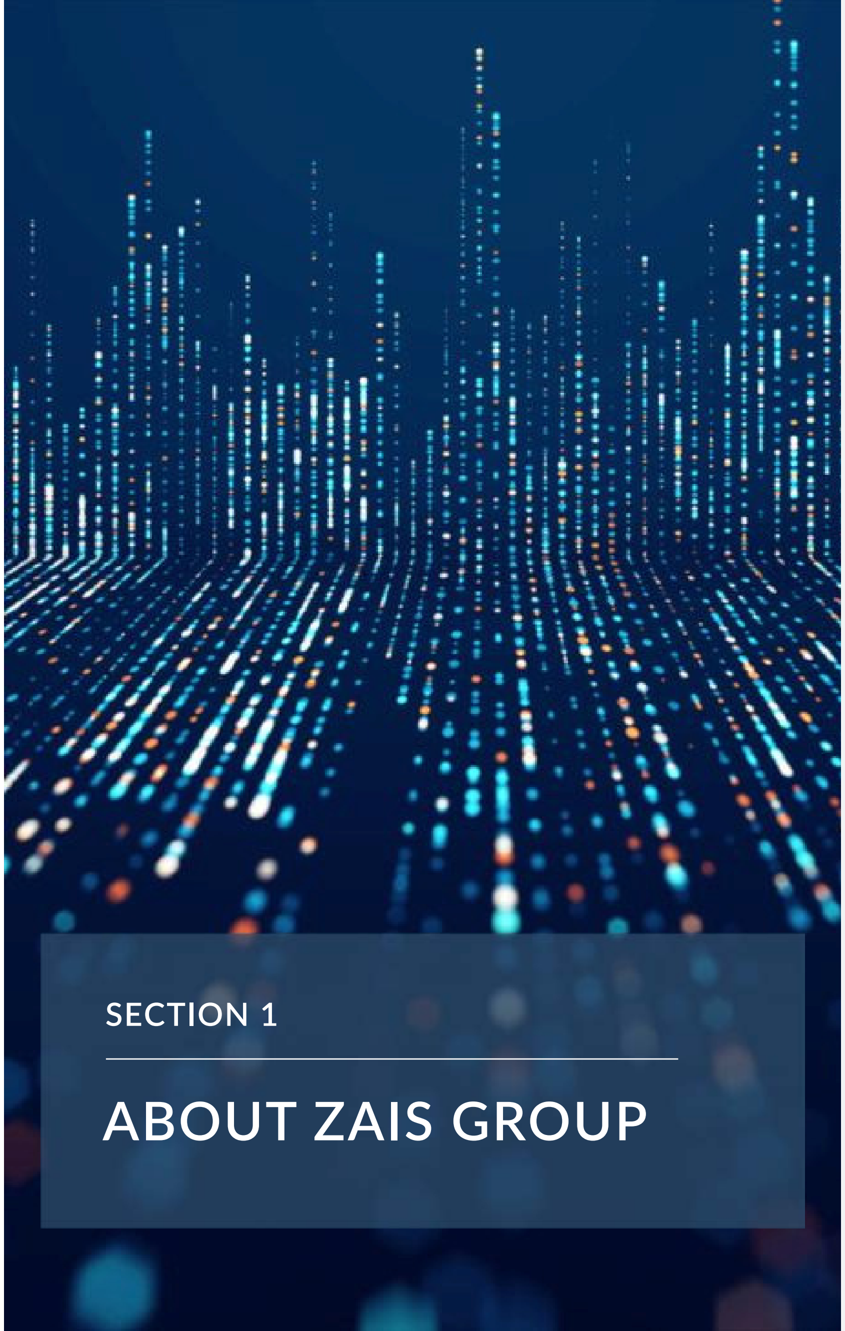


SECTION 1

ABOUT ZAIS GROUP

About ZAIS

In 1997, Christian Zugel founded ZAIS Group, LLC (“ZAIS”) following a career with J. P. Morgan. Based in Holmdel, NJ, ZAIS serves as an alternative credit manager focusing on specialized credit strategies.

Throughout our history, we have invested across multiple credit cycles spanning the capital structures of corporate and asset-backed securities. As of December 31, 2024, ZAIS had approximately $5.3 billion in assets under management.

ZAIS offers an integrated platform of complementary and diverse products. Our Leveraged Finance business issues and manages Collateralized Loan Obligations (CLOs) and other corporate loan investments. Our Structured Investments business manages structured credit securities in commingled funds; we also offer bespoke strategies in managed accounts and other vehicles.

Our investments have traditionally included CLOs, residential and commercial Mortgage-Backed Securities (RMBS and CMBS), Asset Backed Securities (ABS), corporate loans and other credit products throughout North America and Europe.

We are proud to be one of only a few structured credit managers with an over-two-decade history.

Foreword from the Executive Team

Dan Curry
President and Chief ESG Integration Officer.

Christian Zugel
Founder and CIO

Dear Stakeholders,

We are pleased to release ZAIS's 2024 Sustainability Report for the year ended December 31st, 2024. Throughout 2024, we have continued our commitment to earning attractive long-term returns for our clients while conducting our business in a way that is beneficial to our stakeholders.

While perspectives on ESG investing continue to evolve within the financial industry, we believe the long-term transition toward a more sustainable economy is both inevitable and enduring. We consider the assessment of environmental, social, and governance risks and opportunities to be a vital part of our investment due diligence. We view this as integral to fulfilling our fiduciary duty and aligning our investment approach with the long-term interests of our clients.

Financial materiality is the guiding principle driving the development of our ESG integration efforts, which has proven to be challenging across some of the asset classes we invest in. For example, what is the carbon footprint of an ABS bond backed by consumer loans, credit card debt or student loans? What are the financed emissions of an interest-only mortgage bond? Established sustainability reporting standards do not yet exist for many such credit constructs, but we are working on developing our own internal methodology.

Nonetheless, we have made progress on several fronts. Today, financially material ESG factors are integrated across over 90% of our AUM compared to 75% at the end of 2022. We marked another year of carbon neutrality through the purchase of carbon credits and are on the lookout for attractive solar investment opportunities in our communities. We are focused on building a diverse pool of early career hires. Over the past two summers we have welcomed a cohort of twelve interns, and we are thrilled that one of them joined us full-time.

Looking ahead, we remain committed to further improving our ESG integration and sustainability reporting capabilities across our investments and maintaining our carbon neutral status. We strive to foster a diverse and talent-rich workforce, to enable professional development, and to build the bench for the future. Lastly, we are excited about the prospects of the new sustainable credit investment products we are developing.

We hope you enjoy reading our report.

Dan Curry and Christian Zugel

Our Competitive Advantages

Specialization and Focus

ZAIS has specialized in alternative credit investments for 27 years. This has allowed us to further develop our skillsets and our understanding of credit markets. We have invested since the 1990s across a variety of credit cycles.

Long Term Client Base

ZAIS's client base includes investors that have invested with us for over a decade. Our clients have included public and private pension funds, endowments, foundations, insurance companies, family offices, funds-of-funds, sovereign wealth funds and other investment advisors.

Experience and Longevity

We believe the longevity of our investment team reflects our focus and gives us an advantage in our core markets. Our core investment team has worked together for more than a decade.

Sustainability at ZAIS

In 2018, Dan Curry joined ZAIS as President, later taking on the role of Chief ESG Integration Officer. ZAIS became a signatory to the Principles for Responsible Investment (PRI) in 2019 and the Climate Disclosure Project (CDP) in 2022.

We are a member of the International Financial Reporting Standards (IFRS) Sustainability Alliance and have developed an analysis framework to identify financially material ESG risks based upon IFRS's Sustainability Accounting Standards Board (SASB) materiality map.

Our firmwide ESG integration policy covers all asset classes and is an important part of our current investment process. The sustainability analysis for single name corporate credits is performed by the three sustainability analysts on our Sustainability Team.

Further, ZAIS offers credit investment solutions with a sustainability focus, for which we have identified climate change and energy transition as a key thematic focus.

Since 2019, within ZAIS's New Jersey based business, we have achieved carbon neutrality across scope 1, 2 and select scope 3 emissions via annual purchases of certified carbon offsets.

As we continue to develop our ESG goals, we believe this is one small step toward creating a cleaner, greener environment for future generations.

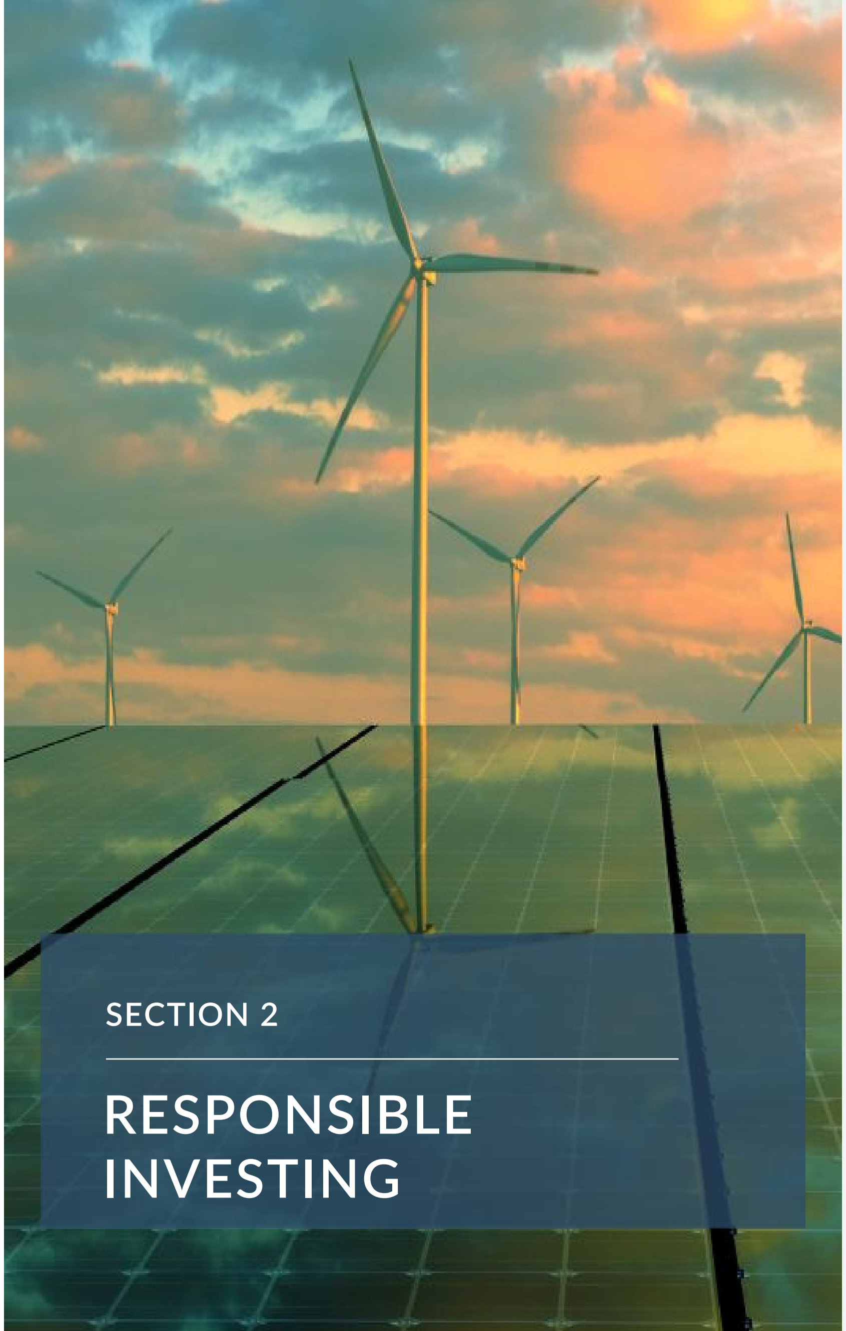
We strive to continuously advance our ESG integration process as part of our broader investment processes, business operations and product offerings. Conducting business in a more sustainable fashion demands significant commitment.

While climate change presents a major risk, we view the transition away from fossil fuels as unlocking compelling investment opportunities. ZAIS is strategically positioning itself to seek to capitalize on these opportunities.

Signatory of: PRI Principles for Responsible Investment

CDP

IFRS Sustainability Alliance



SECTION 2

RESPONSIBLE INVESTING

ESG Integration

As a PRI signatory, we are committed to including financially material ESG factors in our investment analysis.

Our Leveraged Finance business invests in the broadly syndicated corporate loan market which mainly consists of smaller private companies, most of which are not covered by third-party ESG rating providers.

ZAIS has therefore built, and continues to refine, a proprietary sustainability risk framework through which our dedicated ESG analysts research, analyze and rate corporate issuers for what we consider to be their financially material ESG risks and opportunities. The resulting ESG analyses and ratings are incorporated by the Leveraged Finance Team into their investment decisions.

ESG integration for securitized products presents a challenge. As there are no established ESG frameworks or clear guidelines for many of our asset classes, we are developing our own processes.

Sustainable Investment Products

Developing thematic investment products has been a focus for our Sustainability Team. We have built a framework for analyzing and scoring the sustainability performance of corporate issuers across a variety of environmental, social and governance factors.

Our methodology includes an assessment of a company's ability to transition to a low carbon economy and its efforts to reduce the carbon emissions across its value chain. The resulting energy transition scores will factor into the portfolio construction for new credit investment products aligned with the energy transition.

We launched our first thematic transaction in 2021, an energy transition-focused portfolio of credit default swaps. This transaction featured positive screening for energy transition advancement and negative screening for business activities with higher sustainability-related risks.

We are currently developing a new portfolio of positively screened corporate credit investments which will go beyond ESG integration to target the sustainability themes our investors have signaled to us as being important.

AUM as of December 31, 2024

TOTAL AUM

$5.28 BN

TOTAL ASSETS UNDER SUPERVISORY

$5.28 BN

INTEGRATION OF ESG ISSUES*

$4.89 BN

SCREENING*

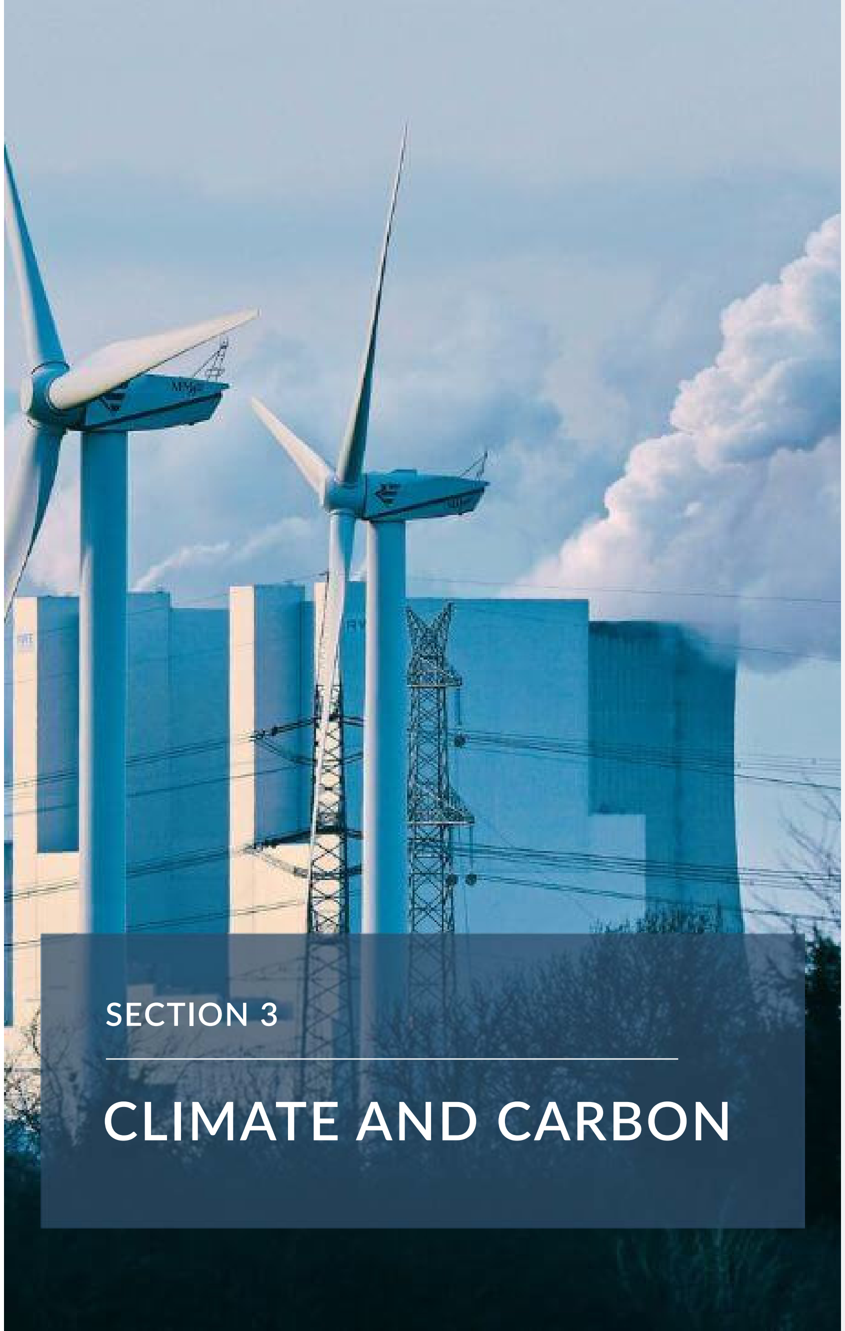
$1.89 BN

SUSTAINABILITY THEMED INVESTING**

$39.40 MN

*Integration of ESG issues is defined as the systematic and explicit inclusion of material ESG factors into investment analysis and investment decisions, as aligned with the PRI Reporting Framework – Main definitions 2018. Cash, derivatives and legacy vehicles in winddown are excluded from this calculation.

**Sustainability themed investing is defined as investment in themes or assets specifically related to sustainability (for example, clean energy, green technology or sustainable agriculture), as aligned with the PRI Reporting Framework—Main definitions 2018.



SECTION 3

CLIMATE AND CARBON

Risks and Opportunities

As an asset manager, ZAIS's operations are minimally resource intensive but environmental patterns and changes can profoundly impact our investment performance, either positively or negatively.

To fulfill our commitment to generating competitive risk-adjusted returns for our clients, we presently view it as imperative that we consider climate risks and opportunities in our due diligence process.

ZAIS's Responsible Investment policy requires investment professionals to consider climate risks, among other risks and, where relevant, as part of the overall assessment of the prospective investment's merit.

For leveraged loan issuers that ZAIS-managed vehicles invest in, we analyze physical and transition risks from climate change including, but not limited to, risks stemming from non-compliance with environmental regulations, natural disasters and exposure to energy-related activities in secular decline.

For securitized products, we analyze climate risks such as geographic concentration of underlying assets in areas prone to natural disasters, and flood insurance coverage.

Risks and Opportunities (continued)

ZAIS currently believes the ongoing global transition to a low-carbon future presents an investment opportunity. We believe companies that are managing climate risks and proactively transitioning their business models for a low-carbon future may offer better long-term risk-adjusted returns.

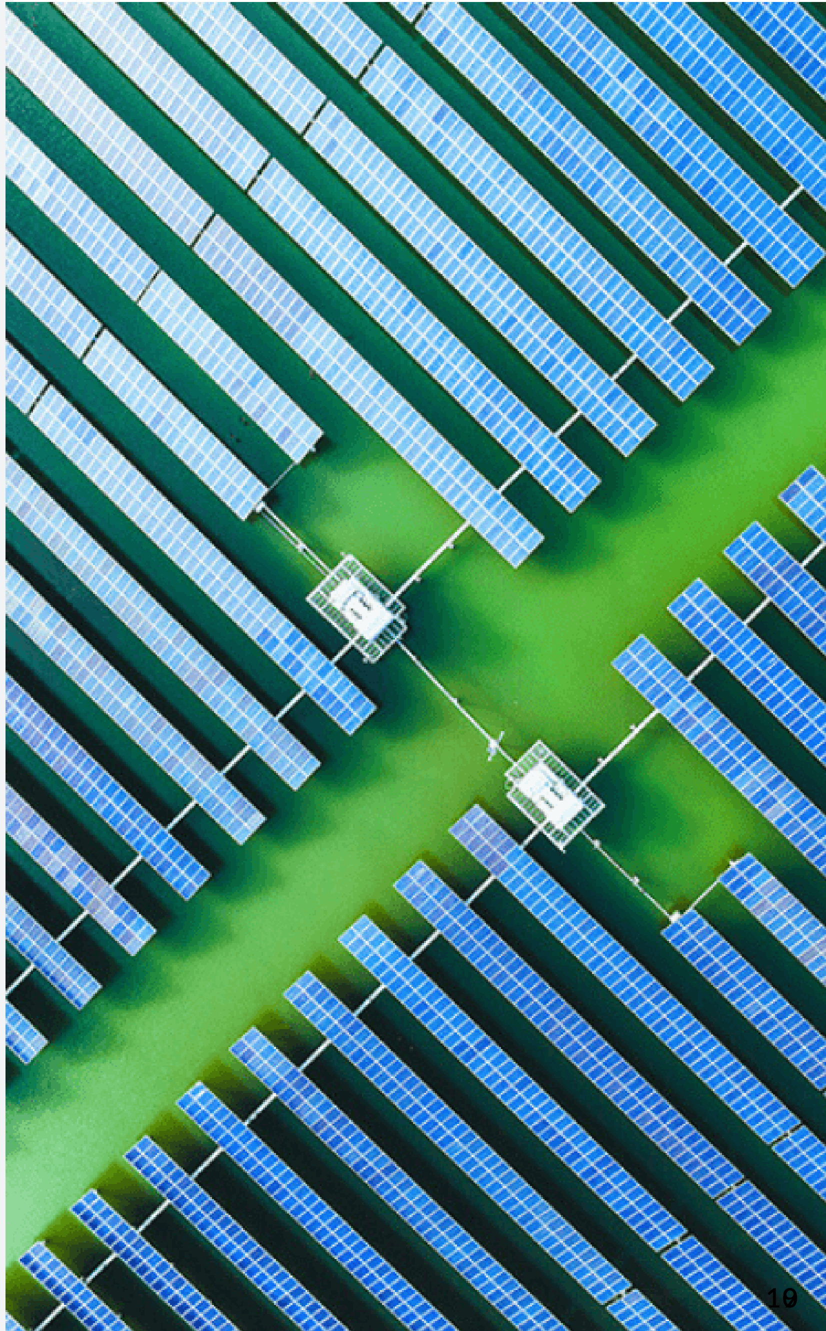
To that end, our Sustainability Team is developing credit investment strategies with a focus on energy transition, as noted above, for clients and prospective investors keen on taking advantage of this opportunity.

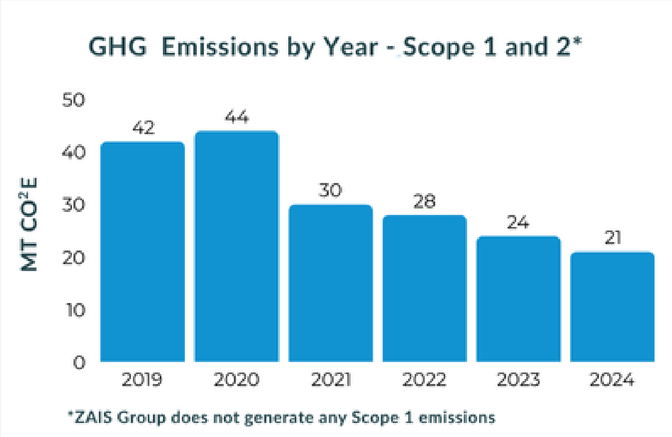
In addition, we have found attractive investment opportunities in solar generation due to the Inflation Reduction Act (IRA).

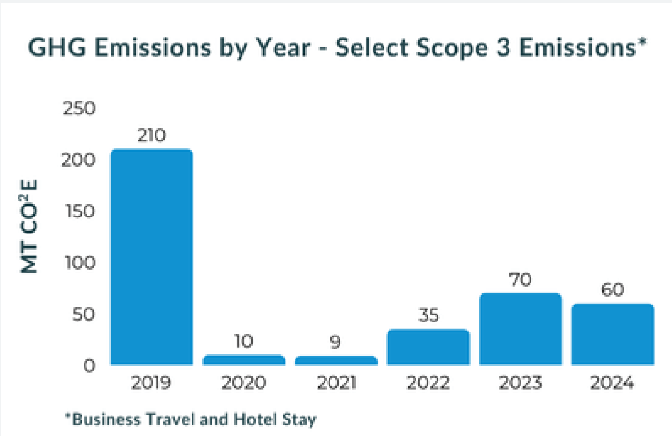
ZAIS has used its own balance sheet capital to invest in five solar installations as of the end of 2024 with a total power generating capacity of 514 kW.

These projects deliver low-cost electricity to non-profits and small-and-medium sized businesses in our local communities and generate attractive return on capital for us.

We continue to be on the lookout for similar investment opportunities.







Emission Data (tCO2e)***

For 2024, our Scope 1, Scope 2, and Scope 3 (Business Travel and Hotel Stay) emissions for our New Jersey based business operations totaled 82 metric tons of CO2 equivalent (tCO2e), a 12% reduction from 2023, primarily driven by a decrease in business travel, which remains well below pre-Covid levels.

Our Scope 2 emissions from purchased electricity have been trending down.

Scope 3 emissions associated with the investments we manage are not included in this table, but we are working on methodologies to estimate financed emissions from our investment activities.

*** Numbers may not add up due to rounding.

Carbon Neutrality

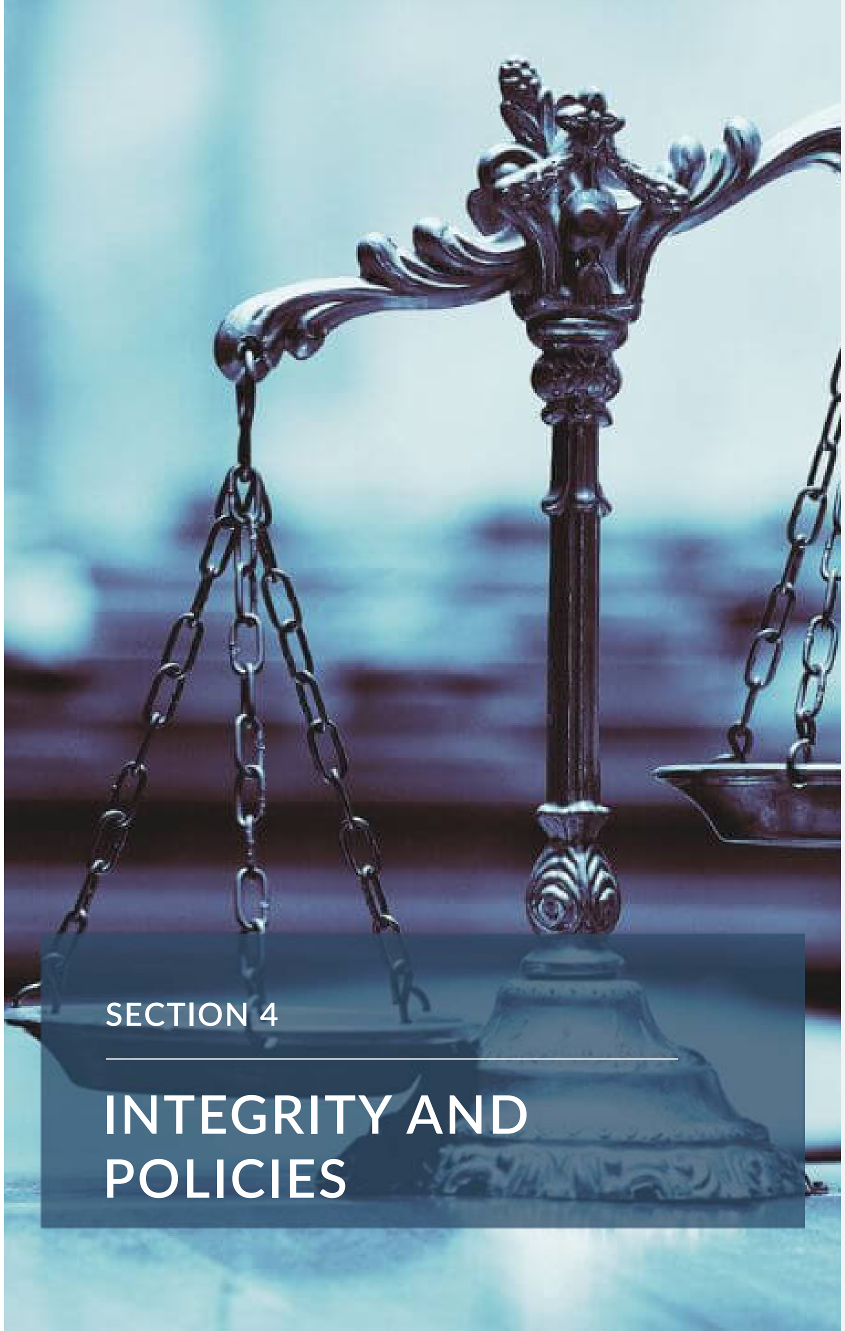
Since 2019, ZAIS's New Jersey based business has attained carbon neutrality across scope 1, 2 and select scope 3 emissions through the annual purchase, registration and retirement of carbon credits. Our employees selected the following certified offset projects for 2024:

Educating the Next Generation Workforce

Set on a 36,000-acre plot in South Dakota and comprising of 108 1.5MW wind turbines, the Crow Lake Wind Farm displaces fossil fuel-generated energy, meeting growing demands with clean energy and helping drive a low carbon future for the mid-west. In addition to generating clean energy, the project is building the next generation-in-energy workforce.

Powering North Carolina Through Waste

The Davidson County Gas-To-Energy Project is a municipal solid waste facility in Lexington, North Carolina. Operating at a 1.6 MW capacity, the project collects and combusts landfill gas to generate renewable energy. This project captures methane and carbon dioxide that would have otherwise been emitted into the atmosphere, thus reducing greenhouse gas (GHG) emissions. It is estimated to reduce 50,000 tCO2e annually.



SECTION 4

INTEGRITY AND POLICIES

Business Ethics

ZAIS is committed to providing complete and clear information to its clients, investors and prospects. Two primary vehicles for documenting this information are our advertising and marketing materials and our offering memoranda.

ZAIS's Compliance Department reviews all marketing and advertising materials in accordance with applicable standards and has the final say on whether they are approved for use while our Law Department, working with external legal counsel, oversees the preparation of offering documents.

Data Security and Technology

In 2020, ZAIS Group transitioned from a legacy data center to a modern cloud platform with a focus on data security and protection. ZAIS leverages available resources to provide what it views as best-in-class data security and business agility.

Data is now easier to work with while being more traceable, discoverable and protected. We engage a 24/7 security operations center with industry leading security experts monitoring our environment. We routinely re-align our data security strategy with financial services industry best practices and validate it with third-party experts.

Legal Proceedings

During the reporting period, ZAIS:

- did not experience any monetary losses as a result of legal proceedings charging fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice or other related financial industry laws or regulations
- did not experience any monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information
- did not employ anyone with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings

Whistleblower Policies and Code of Ethics

ZAIS considers high ethical standards essential to maintaining the confidence of our clients and investors.

All ZAIS personnel are expected to maintain the highest ethical standards.

Our Code of Ethics requires personnel to report possible violation of laws, rules, regulations or ZAIS policies.

ZAIS has a 24/7 reporting hotline, managed by an independent third-party and reinforced by a non-retaliation policy. This service can be used to submit reports confidentially or anonymously via phone or secure online portal. Any reports are reviewed by the Chief Compliance Officer and, if necessary, escalated appropriately. Personnel that report an issue in good faith will be protected against retaliation.

SECTION 5

PEOPLE

Talent

At ZAIS Group, we know that bringing together people with varied skills, experience, and perspectives helps us deliver the best thinking and service to our clients.

As of the end of 2024, women made up 55% of our senior leadership team—a notable increase from prior years and a reflection of our continued efforts to find, recruit and retain the best talent in our organization.

Since updating our recruitment and selection process in 2019, we have focused on reaching a wider pool of candidates and involving cross-functional interview teams in hiring decisions.

This approach has helped us attract strong talent into critical roles. Since the process was introduced in 2019 through 2024, we have hired 34 full-time employees, including 44% women and 26% hires from underrepresented groups.

Early Career Talent

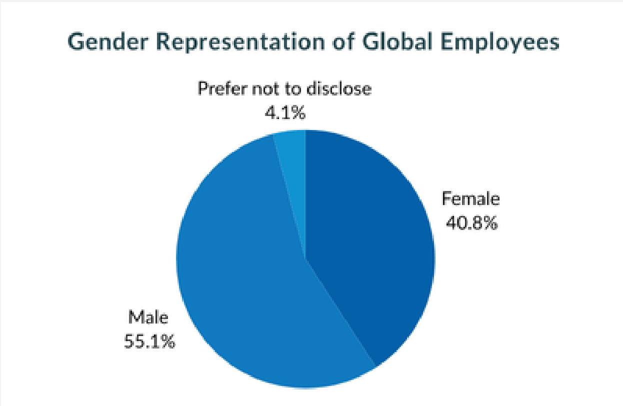
We remain deeply invested in cultivating early career professionals. Over the past six summers, we have welcomed 49 interns—39% of whom are women and 45% from underrepresented groups.

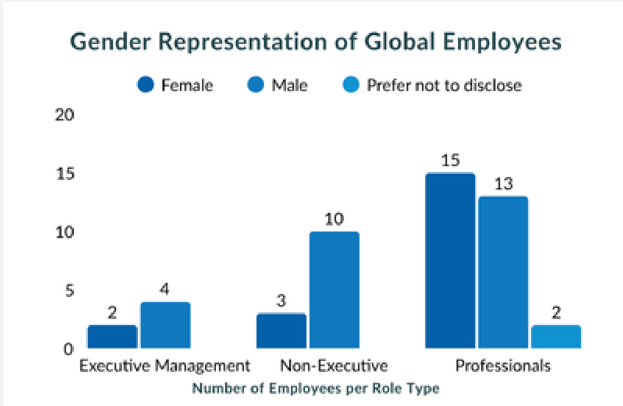
Many of these individuals have gone on to join us full-time: five former interns are still with ZAIS Group today, and six additional early career professionals have joined us directly from college or graduate school.

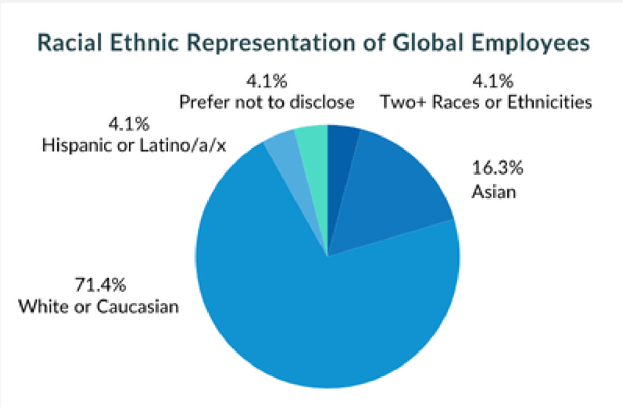
As of year-end 2024, 55% of our early career hires are women and 64% are individuals from minority backgrounds.

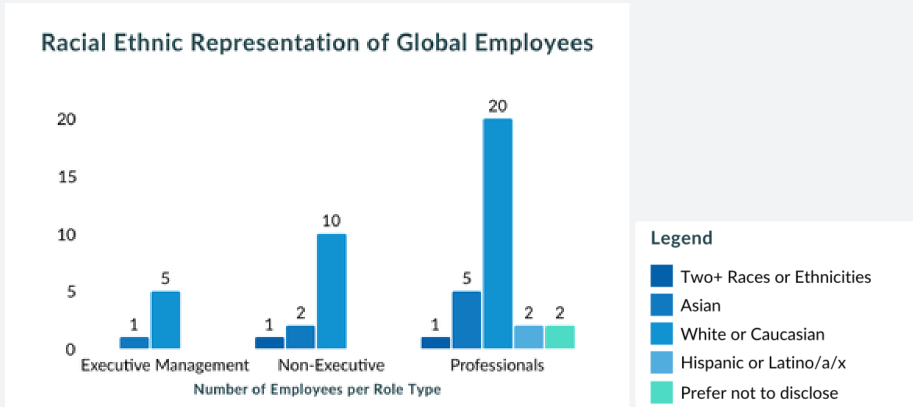
These hiring practices have helped us bring in strong contributors who are making a meaningful difference across the company.

Employee Representation









Section 5—People

Flexibility and Work-Life Balance

ZAIS Group's hybrid work model continues to be a key driver of employee satisfaction and engagement. With two to three days of in-office collaboration each week and flexibility on remaining days, our approach balances connection and autonomy. We also offer fully remote arrangements for eligible roles, providing an adaptable work environment that meets the needs of both current team members and prospective talent.

Supporting Families

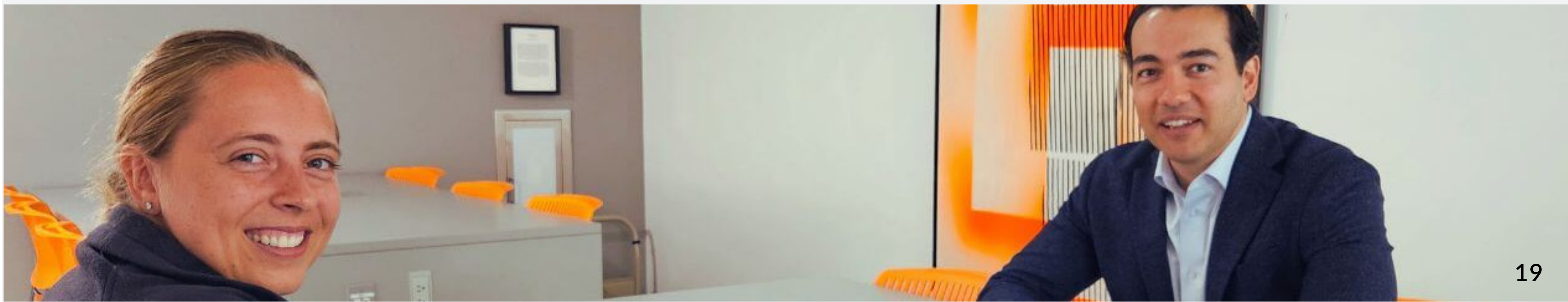
We are proud to offer meaningful support to working parents. Birth parents that are eligible for short-term disability receive fully paid leave during this period, and all new parents are eligible for six weeks of fully paid bonding leave. An additional six weeks of paid time off is available through our policy that matches payments received through New Jersey's Family Leave Insurance program. Our goal is to support families through transitions while maintaining financial stability.

Giving Back

ZAIS Group's commitment to the community continues to grow. Each year, we contribute to nonprofit organizations working in environmental conservation, sustainability, and community service. In 2024, we were proud to support organizations such as Monmouth Conservation, Centurion, 1014 Inc. and the American Lung Association.

Disclosure Notes

1. Unless otherwise stated, data and commentary is as of December 31st, 2024.
2. There can be no assurance that any particular individual will remain at ZAIS.
3. There can be no guarantee that responsible investing products or strategies will produce returns similar to or better than other strategies we manage. An environmental, social and governance ("ESG") strategy restricts the types and number of available investments and prioritizes the ESG criteria over other investment criteria. Consequently, an ESG portfolio may perform differently from other strategies that do not screen for ESG factors. Responsible investing is qualitative and subjective by nature, and there can be no guarantee that the criteria we use, used or will use, or decisions we make, made or will make, will reflect any particular investor's beliefs or values. We source some of the information we use in identifying responsible investments from voluntary or third-party reporting, which may not be accurate or complete. Responsible investing standards may vary by region. There can be no assurance that the responsible investing strategy and techniques we employed will be successful. Investors should be prepared to risk the loss of some or all of the capital invested in the ESG strategy.
4. This document describes aspects of ZAIS's current investment approach and process; however, these matters remain under constant review and are subject to change without notice.
5. Past performance is not a reliable indicator of future returns.



SASB

SASB			
DISCLOSURE	**METRIC**	**METRIC**	**DATA**
Transparent Information & Fair Advice for Customers	(1) Number and (2) percentage of licensed employees and identified decision-makers with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	FN-AC-270a.1	(1) 0 (2) 0%
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	FN-AC-270a.2	$0
	Description of approach to informing customers about products and services	FN-AC-270a.3	ZAIS's Compliance Department reviews all marketing and advertising materials and has the final say on whether they are approved for use, confirming the materials are not misleading or fraudulent, include appropriate disclosures and comply with applicable laws, rules, and regulations. The Compliance Department also sees to it that our materials fulfill both the letter and the spirit of our disclosure policies. Our Law Department oversees preparation of, and approves our offering documents. We work with outside counsel to take all steps necessary for accurate and complete disclosure in these documents.
Employee Diversity & Inclusion	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) professionals, and (d) all other employees	FN-AC-330a.1	(P. 17) Please note this survey was carried out in 2024.
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing and (3) screening	FN-AC-410a.1	(P. 8)
	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment or wealth management processes and strategies	FN-AC-410a.2	(P. 9-10) ZAIS's Responsible Investment policy includes procedures to integrate analysis of financially material ESG risks and opportunities in our investment due diligence process for the majority of our assets under management. A dedicated team analyzes and assesses ESG risks of the leveraged loan issuers ZAIS-managed vehicles invest in, and our credit analysts and portfolio managers incorporate these into their overall risk assessments. For some securitized products, no established ESG framework exists, and so we continue to work on proprietary ESG integration processes. ZAIS is actively developing a new offering of positively screened ESG investments targeting certain sustainability themes such as climate change. We have developed a proprietary framework to analyze and score companies' ESG profiles and a portfolio construction methodology based on these scores.
	Description of proxy voting and investee engagement policies and procedures	FN-AC-410a.3	Where it holds proxy voting authority over client securities, ZAIS votes consistent with its clients' and investors' best economic interests. Proxy voting information is made available to clients and investors on request. ZAIS does not carry out corporate engagement.
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anticompetitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	FN-AC-510a.1	$0
	Description of whistleblower policies and procedures	FN-AC-510a.2	(P. 13-14) ZAIS's Code of Ethics requires personnel to report possible violation of any laws, rules or regulations or ZAIS policies. To encourage personnel to report unethical or unlawful behavior, ZAIS implemented a 24/7 reporting hotline, managed by an independent third-party, that can be used to submit reports confidentially or anonymously via a dedicated phone number or secure online portal. Reports are reviewed by the Chief Compliance Officer and, if necessary, escalated appropriately. Personnel that report an issue in good faith will be protected against retaliation.

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