

AICA Member Profile: XA Investments

XA Investments (XAI) is a Chicago-based investment management and consulting firm founded in early 2016 by Kimberly Flynn and the founders of XMS Capital Partners (XMS), Ted Brombach and John Spence. XAI focuses on listed closed-end funds (CEFs) and interval funds across two distinct practice areas:

- Building proprietary listed CEFs and interval funds for its own fund platform.
- Advising asset managers through its registered CEF structuring and consulting business.

XAI offers quality alternatives that were previously inaccessible to individual investors and aims to improve secondary market dynamics for listed CEFs. XAI believes in active product management and marketing of those funds post-IPO. The XAI team is comprised of multidisciplinary

professionals with expertise in product strategy and structuring. XAI does not focus on business development companies.

XFLT

XAI serves as adviser to the XAI Octagon Floating Rate & Alternative Income Term Trust, a listed CEF with the NYSE ticker symbol XFLT. The fund seeks attractive total return with an emphasis on income generation across multiple stages of the credit cycle. XFLT's investment portfolio is largely comprised of floating-rate credit instruments and other structured credit investments. The fund's assets are opportunistically managed primarily within private, below investment-grade credit markets, including:

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

The retail product, launched in late 2017, has approximately \$508 million in assets under management as of September 30, 2023.

Consulting

In addition to partnering with well-established asset managers with proven investment capabilities to serve as sub-

advisers, XAI offers CEF consulting services. XAI launched its consulting practice in 2020 to support asset managers interested in launching CEFs and, ultimately, provide investors with institutional investment expertise. XAI's investment fund structuring and consulting practice offers custom product building and consulting services, including development and research, sales, marketing, fund management, and administration.

"Our close collaboration with asset managers gives us unique insight into what the market wants."

Kimberly Flynn, President, XA Investments

XAI advises clients on a white label basis to help them build permanent capital vehicles, which not only include U.S.-listed CEFs and interval funds, but also CEF/REITs, auction funds, London-listed funds, and tender offer funds.

Q&A with Kimberly Flynn

In which sector does XAI most excel?

XAI does its best work in the interval fund market. Our research and insights help asset managers understand emerging trends in the growing marketplace.



What is one item that most investment professionals regularly misunderstand?

Investment professionals often fail to recognize the similarities between the tender offer structure and the interval fund structure. People sometimes refer to tender offer funds as interval funds. The marketplace for non-listed CEFs includes both interval and tender offer funds. Tender offer funds give the fund board discretion to stop tenders or change tender amounts.

What will XAI's business look like in three years?

The non-listed CEF market is growing rapidly. XA Investments looks forward to partnering with asset managers to help them launch funds and grow capital. In the

next three years, we expect the rapid pace of fund launches and asset raising to continue.

Who inspires you?

I've always taken inspiration from role models and mentors in my career, including Paul Williams and Bob Kuppenheimer. Both serve as senior advisors to XAI, and we are incredibly fortunate to have their wisdom and insights.

What do you most like about being a member of AICA?

XAI Investments has been an AICA member from the start. I was involved in the planning process with AICA Chairman John Cole Scott prior to AICA's launch. XAI values being part of AICA because of its podcasts, videos, and focus on social media to reach investors, advisors, and asset managers. We have participated in numerous AICA events over the years and love being together in person with our industry partners.

XAI is the registered fund division of XMS. Learn more about [Kimberly Flynn](#), [XAI](#), and its listed CEF, [XFLT](#).

Risk Considerations

Investing in closed-end funds involves risk, including the possible loss of your entire investment. There is no guarantee the Trust's investment objective will be achieved. Closed-end fund shares may frequently trade at a discount or premium to their net asset value, which is a risk separate and distinct from the risk that the Trust's net asset value could decrease as a result of its investment activities. The Trust invests primarily in below investment grade credit instruments, which are commonly referred to as "high yield" securities or "junk" bonds. Senior loans may not be fully secured by collateral, generally do not trade on exchanges, and are typically issued by unrated or below-investment grade companies, and therefore are subject to greater liquidity and credit risk. Lower credit debt securities may be more likely to fail to make timely interest or principal payments. The Trust invests a significant portion of its assets in CLO debt and subordinated notes (commonly referred to as CLO "equity") which often involve risks that are different from or more acute than risks associated with other types of credit instruments. CLOs are a type of structured credit instrument. Holders of structured credit instruments bear risks of the underlying investments, index or reference obligation as well as risks associated with the issuer of the instrument, which is often a special purpose vehicle, and may also be subject to counterparty risk. Leverage increases return volatility and magnifies the Trust's potential return and its risks; there is no guarantee a trust's leverage strategy will be successful. The Trust's shares are not guaranteed or endorsed by any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation. Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted. An investment in this Trust presents a number of risks and is not suitable for all investors. Investors should carefully review and consider potential risks before investing. These and other risk considerations are described in more detail in the Trust's annual shareholder report, prospectus and SAI, each of which can be found in the SEC's website at www.sec.gov. or the Trust's web page at www.xainvestments.com.

Disclosure: The opinions of the speakers / presenters are their own opinions and may not be the opinions of AICA. Listed closed-end funds and business development companies trade on exchanges at prices that may be above or below their NAVs. There is no guarantee that an investor can sell shares at a price greater than or equal to the purchase price, or that a CEF's or BDCs discount will narrow or be eliminated. Non-listed closed-end funds and business development companies do not offer investors daily liquidity but rather on a quarterly or semi-annual basis, often on a small percentage of share. CEFs often use leverage, which can increase a fund's risk or volatility. The actual amount of distributions may vary with fund performance and other conditions. Past performance is no guarantee for future results.