

FORM ADV PART 2A:

FIRM BROCHURE

SOUND POINT CAPITAL MANAGEMENT, LP

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This brochure provides information about the qualifications and business practices of Sound Point Capital Management, LP (“Sound Point”). If you have any questions about the contents of this brochure, please contact Brian Feldman, Chief Compliance Officer, at 212-895-2278 or bfeldman@soundpointcap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Sound Point Capital Management, LP is also available on the SEC’s website at www.adviserinfo.sec.gov.

Being a “registered investment adviser” or describing Sound Point as being “registered” does not imply a certain level of skill or training.

THIS BROCHURE SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF ANY OFFER TO BUY ANY SECURITY.

Item 2. Material Changes

This annual updating amendment to our brochure includes information on the following material changes to our investment advisory business since our brochure dated March 28, 2013:

- "Items 4 and 10" have been changed to reflect the fact the Sound Point provides investment advisory services to several additional Client Accounts as such term is defined herein.

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Item 4. Advisory Business

Sound Point Capital Management, LP (“Sound Point”) is a Delaware limited partnership founded in 2008 by Stephen Ketchum. Sound Point concentrates on investment opportunities in the corporate credit space using a fundamental and research-intensive approach. Sound Point’s general partner is SPC Partners GP, LLC (the “General Partner”), a Delaware limited liability company that is wholly-owned by Stephen Ketchum, and Sound Point’s limited partners and principal owners are Stephen Ketchum and Ellipse Holdings, LLC (“Ellipse”). Ellipse has provided seed capital to certain investment vehicles managed by Sound Point and has a minority equity ownership in Sound Point and certain of its affiliates. Ellipse is owned by certain senior principals of Stone Point Capital LLC (Stone Point”), a private equity firm. James Carey, one of Stone Point’s senior principals, serves on Sound Point’s Board of Managers. Sound Point operates independently of Ellipse and is managed by the General Partner.

Sound Point provides investment advisory services to privately-offered pooled alternative investment funds (the “Credit Funds”, the “Floating Rate Funds”, and the “Distressed Funds” and collectively, the “Sound Point Funds”), separately managed accounts (the “Managed Accounts”), registered investment companies (the “40 Act Funds”), a UCIT, and securitized asset pools (otherwise known as collateralized loan obligations or the “CLOs”, and together with the Sound Point Funds, the Managed Accounts, the 40 Act Funds, the UCIT, and the CLOs, the “Client Accounts”).

The primary investment objectives of the Sound Point Funds are to (i) preserve capital in all market conditions and (ii) provide consistently strong risk-adjusted returns. Investment assets of the Credit Funds will primarily include corporate bonds and senior-secured bank loans, but other assets including, but not limited to, equities and other securities, may be included depending on the investment environment. Investment assets of the Floating Rate Funds will primarily include corporate senior-secured bank loans and bonds, but other assets may be included depending on the investment environment. Investment assets of the Distressed Funds will primarily include distressed bonds, distressed bank loans, public and private equity, and trade claims, but other assets including financial derivatives may be included depending on the investment environment.

In addition to the core assets listed above, each of the Sound Point Funds and the Managed Accounts (subject to the limitations, if any, in a managed account agreement) maintains the flexibility to invest in other types of publicly or privately-offered securities (both long and short), including, but not limited to, fixed income securities, preferred stocks, American Depositary Receipts, exchange-traded funds, unregistered or restricted securities, convertible securities, warrants, forward contracts, cash and cash equivalents, interest-rate and other swaps, futures, options and other derivatives. Allocation of each portfolio among various types of securities is a function of the marketplace and Sound Point’s assessment of investment opportunities at any given time.

Investment assets of the 40 Act Funds and the UCIT will include corporate senior-secured bank loans and bonds, distressed debt, and other assets depending on the terms of the advisory agreements the investment objectives and restrictions in the prospectus and the investment environment. Sound Point is a sub-advisor to the NB Alternative Investment Management, LLC, the NB Absolute Return Multi Strategy UCITS Fund, the ALPS/Westport Resources Hedged High Income Fund and the Hatteras Alternative Mutual Funds Trust, and its discretionary authority over that portion of such funds may be restricted by each fund’s investment adviser.

Investment assets of the CLOs will primarily include corporate senior-secured bank loans and bonds, but other assets may be included depending on terms of the CLO indentures and the investment environment. Sound Point's discretionary authority with respect to the CLOs is restricted by the terms of the CLOs as described in their indentures.

There can be no assurance that the Client Accounts' objectives will be achieved and investment results may vary substantially.

Sound Point makes all investment decisions on behalf of the Sound Point Funds. Sound Point's primary responsibilities are to identify, review, and select investment opportunities that can achieve the investment objectives of the Sound Point Funds. In addition, Sound Point monitors all of its investments to determine whether to reduce, eliminate or increase investment allocation after the initial investment is made. Sound Point and its affiliates, Sound Point Credit Opportunities GP, LLC (the general partner of Sound Point Credit Opportunities Master Fund, LP and Sound Point Credit Opportunities Fund, LP), Sound Point Senior GP, LLC (the general partner of Sound Point Senior Floating Rate Master Fund, LP and Sound Point Senior Floating Rate Fund, LP) and Sound Point Beacon GP, LLC (the general partner of Sound Point Beacon Master Fund, LP and Sound Point Beacon Fund, LP) also provide certain administrative and management services to the Sound Point Funds.

Sound Point currently does not participate in wrap fee programs.

As of December 31, 2013, Sound Point managed approximately \$3,125,499,000 of regulatory assets on a discretionary basis.

As of December 31, 2013, Sound Point managed approximately \$1,044,483,000 of regulatory assets on a non-discretionary basis.

For further discussion of these and related items, see **Item 7** (Types of Clients), **Item 8** (Methods of Analysis, Investment Strategies and Risk of Loss) and **Item 10** (Other Financial Industry Activities and Affiliations).

Item 5. Fees and Compensation

Management Fees and Performance-Based Compensation

Sound Point receives a management fee (a "Management Fee") from each of the Sound Point Funds at an annual rate ranging between 1.0% and 2.0% of the net asset value of each investor's investment in the Fund, valued and payable as of the beginning of each quarter (0.25% to 0.5% per quarter). Management Fees for capital contributions made, or shares purchased, during a calendar quarter will be charged pro rata for the initial quarter of purchase. Any investor making a withdrawal of capital or a redemption of shares at any time other than at the end of a quarter shall be rebated a pro rata portion of the Management Fee for such quarter, based on the number of days remaining in such quarter after the withdrawal date.

In consideration for the Management Fees, Sound Point bears certain operating expenses of the Sound Point Funds and the costs of investment advisory and administrative functions that Sound Point or other entities within Sound Point provide, including, but not limited to personnel costs, salaries and rent.

Sound Point or one of its affiliates also may receive an annual performance-based profit allocation (the "Performance Allocation"), generally at the end of each year, in an amount ranging from 5% up to 20% of the increase in the value of each Credit or Distressed Fund investor's investment, subject to a

standard high watermark as described below. The Performance Allocation will be allocated or paid at the end of each fiscal year or immediately prior to any withdrawal or redemption occurring prior to the end of any fiscal year. In the event an investor's investment has losses in net asset value for prior periods, the Performance Allocation made with respect to such investor's investment shall not be paid until such losses have been recovered (commonly referred to as a "high watermark") provided, however, that the loss amount that must be recovered will be adjusted pro rata to account for any withdrawals or redemptions made prior to the end of a fiscal year. To be clear, no Performance Allocation is charged to an investor in the Credit or Distressed Funds during any period in which such investor suffers a decrease in the net asset value of such investor's investment.

Sound Point does not currently receive any performance-based compensation from the Floating Rate Funds, but may do so in the future.

Sound Point, or its affiliate, may, in its discretion, waive, reduce or rebate the Management Fees and/or performance-based compensation with respect to the investment of any investor, including its affiliates and/or strategic investors.

Sound Point is entitled to receive a management fee (the "MA Management Fee") for the advisory services performed on behalf of a Managed Account client. The MA Management Fee rates range from 0.5% to 2.0% per annum, as negotiated with the Managed Account client, and are calculated based on the net assets under management in each respective Managed Account. Sound Point or one of its affiliates also may receive an annual performance-based fee (the "MA Incentive Fees") in an amount generally ranging from 5.0% to 10.0% of the increase in the value of each Managed Account, which performance based fee may be subject to a high watermark. The MA Management Fee and MA Incentive Fees are paid from the applicable Managed Account promptly after they are determined.

As an adviser or sub-adviser, as the case may be, to the 40 Act Funds and the UCIT, Sound Point is paid a management fee based on a percentage of the assets of the entity or a percentage of the net assets allocated to the Sub-Adviser. These fees generally range between 1.00% and 1.25% per annum.

As Collateral Manager to the CLOs, Sound Point is paid a management fee based on a percentage of the assets in the CLOs and is paid an incentive fee based on achieving target returns for junior noteholders.

The fees charged to clients in the future may be the same as or different than that fees described herein.

Expenses

Generally, each of the Sound Point Funds bears its own costs and expenses related to its investments and its operations, including, without limitation, brokerage and other transaction costs, clearing and settlement charges, trade break fees, consulting expenses, research expenses (including related travel expenses), legal fees and other expenses in connection with conducting due diligence and negotiating the terms of certain investments, custodial fees, initial and variation margin, interest and commitment fees on debit balances or borrowings, stock borrowing fees and proxy solicitation expenses, legal expenses, audit and tax preparation expenses, accounting fees, fees and expenses of an administrator, fees and expenses for risk management services, insurance expenses including costs of any liability insurance obtained on behalf of the Fund, indemnification expenses, a management fee, a performance-based fee, regulatory costs and expenses (including filing and license fees), any issue or transfer taxes chargeable in connection with any securities transactions, any entity level taxes and fees, costs of reporting and providing information to investors, and costs of litigation or investigation involving the Fund's activities, and any extraordinary expenses. A portion of these operating expenses may be

shared with other investment entities or accounts Sound Point or its affiliates manage on an equitable basis.

To the extent a Sound Point Fund makes investments through the use of a so-called “master fund”, such Sound Point Fund is responsible for its pro rata portion of the master fund’s costs and expenses, the nature of which are expected to be similar to those of the Sound Point Fund.

An investor in a Credit Fund may be charged an early withdrawal fee if such investor withdraws all or a portion of its investment prior to the conclusion of the twelve (12) month period following the initial date of investment.

Managed Accounts are responsible for all of their trade execution and brokerage transaction costs.

The Sound Point Floating Rate Income Fund bears its own costs and expenses related to its investments and its operations, including research expenses, legal fees and other expenses in connection with conducting due diligence and negotiating the terms of certain investments, up to an expense cap of 0.35% of average daily net assets per year.

As Sub-Advisor to its other 40 Act Funds and the UCIT, Sound Point generally bears its own expenses.

Each CLO is invoiced by the CLO custodian for a range of expenses including administrative fees, research, and accounting fees.

Neither Sound Point nor its principals, members, managers, directors, officers and employees accept any compensation for the sale of securities or other investment products, including interests in the Sound Point Funds.

For a further discussion of these and related items, see **Item 12** (Brokerage Practices).

Item 6. Performance-Based Fees and Side-By-Side Management

A description of the fees, including performance-based fees, received by Sound Point is provided above in **Item 5**. Sound Point may provide investment advisory services to additional clients in the future that may have similar or different performance-based compensation arrangements than those of the Client Accounts.

The receipt of performance-based compensation may create an incentive for Sound Point to make investments that are riskier or more speculative than would be the case in the absence of a performance-based compensation arrangement. Furthermore, to the extent Sound Point receives performance-based compensation from one Sound Point Fund, Managed Account, or CLO but does not receive such compensation from another Client Account, this creates a conflict of interest because the financial benefit from managing a Client Account for which Sound Point receives such performance-based compensation, may provide an incentive for Sound Point to favor such Client Account.

Sound Point is required to act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Client Accounts but Sound Point and its affiliates are not otherwise subject to any specific obligations or requirements concerning the allocation of time, effort or investment opportunities, or any restrictions on the nature or timing of investments for the Client Accounts. Sound Point addresses this conflict through the application of its trade allocation procedures. Sound Point periodically reviews allocation of investment opportunities and sequencing of transactions to determine whether Clients are treated fairly.

For a further discussion of these and related items, see **Item 5** (Fees and Compensation) and **Item 10** (Other Financial Industry Activities and Affiliations).

Item 7. Types of Clients

Sound Point currently advises the Sound Point Funds, the Managed Accounts, the 40 Act Funds, the UCIT, and the CLOs. Existing Managed Account clients, as well as any future Managed Account clients, may include state and municipal entities, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, business entities, endowments, foreign sovereign wealth funds and other types of investors.

Item 8. Methods of Analysis, Investment Strategies, and Risk of Loss

Sound Point generally concentrates on investment opportunities in the corporate credit space. The approach is fundamental and research-intensive and follows a rigorous 8-step investment process. Sound Point invests throughout the capital structure and across a broad spectrum of companies and industries and maintains a diversified portfolio. The Client Account portfolios are predominately focused in the U.S., although the Distressed Funds will hold significant positions in European distressed opportunities. Sound Point does not typically utilize leverage and adheres to strict risk management guidelines to ensure capital preservation and to mitigate volatility.

Material Investment Risks of the Funds

There are a number of general risks relating to the intended investment strategy of the Client Accounts, including, but not necessarily limited to, the following:

Investment and Trading Risks. An investment in a Client Account involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that a Client Account's investment program will be successful. Sound Point will be investing substantially all of a Client Account's assets in securities and credit instruments, some of which may be particularly sensitive to economic, market, industry and other variable conditions. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to a Client Account.

Bank Loans. A Client Account expects to invest in corporate bank debt ("Bank Loans") and participations therein originated by banks and other financial institutions. The Bank Loans invested in by a Client Account are primarily term loans, may pay interest at a fixed or floating rate and may be senior or subordinated. Purchasers of Bank Loans are predominantly commercial banks, investment funds and investment banks and there can be no assurance that current levels of supply and demand in Bank Loan trading will provide an adequate degree of liquidity. A Client Account acquires interests in Bank Loans either directly (by way of sale or assignment) or indirectly (by way of participation or other derivative contract). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. Participation interests in a portion of a debt obligation typically result in a contractual relationship only with the institution participating out the interest, not with the borrower. In purchasing participations and other derivatives, Sound Point on behalf of a Client Account generally has no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, and a Client Account may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, a Client Account will assume the credit risk of both the borrower and the institution selling the participation or other derivative contract.

As a result of the additional debt incurred by the borrower in the course of the Bank Loan, the borrower's creditworthiness is often judged by the ratings agencies to be below investment grade. The Bank Loans to be acquired by a Client Account are likely to be below investment-grade and may not be rated. For a discussion of the risks associated with below investment-grade investments, see "Investments in High-Yield and Distressed Securities" below.

Loan Participations. A Client Account may invest in loan participations. Investment in loan participations involves certain risks in addition to those associated with direct loans. A loan participant has no contractual relationship with the borrower of the underlying loan. As a result, the participant is generally dependent upon the lender to enforce its rights and obligations under the loan agreement in the event of a default and may not have the right to object to amendments or modifications of the terms of such loan agreement. A participant in a syndicated loan generally does not have the voting rights, which are retained by the lender. In addition, a loan participant is subject to the credit risk of the lender as well as the borrower, since a loan participant is dependent upon the lender to pay its percentage of payments of principal and interest received on the underlying loan. A Client Account will acquire participations only if the seller of the participation is determined by Sound Point to be creditworthy.

Investments in High Yield Securities. Client Accounts invest in high-yield securities. Such securities are generally not exchange traded and, as a result, these instruments trade in a smaller secondary market than exchange-traded bonds or equity. In addition, a Client Account may invest in debt instruments of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. High-yield securities that are below investment grade or unrated face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. It is possible that an economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities. Although an investment in such securities may result in significant returns to a Client Account, such investments involve a substantial degree of risk and could result in substantial losses to a Client Account.

The terms and conditions associated with debt instruments, particularly high yield securities, are often complex and require a sophisticated level of evaluation of financial, operational and legal matters. There is no assurance that Sound Point will correctly evaluate the value of a company's assets, the terms of its debt instruments or the prospects for a successful reorganization or similar action.

Investments in Distressed Securities. Client Accounts invest in "below investment grade" securities and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such

companies. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that Sound Point will correctly evaluate the value of the assets underlying a Client Account's loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which a Client Account invests, the Client Account may lose its entire investment, may be required to accept cash or securities with a value less than the Client Account's original investment and/or may be required to accept payment over an extended period of time.

General Market and Credit Risks of Debt Obligations. Debt portfolios are subject to credit risk and interest rate risk. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument, and debt obligations which are rated by rating agencies are often reviewed and may be subject to downgrade. "Interest rate risk" refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

Reliance on Corporate Management and Financial Reporting. A Client Account may trade various corporate debt instruments and collateralized debt securities. Sound Point may select investments for a Client Account in part on the basis of information and data filed by issuers of securities with various government regulators or made directly available to Sound Point by the issuers of securities or through sources other than the issuers such as collateral pool servicers. Although Sound Point will evaluate all such information and data and seek independent corroboration when it considers it appropriate and reasonably available, Sound Point will not be in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information will not be readily available. Sound Point is dependent upon the integrity of the management of these issuers and of such servicers and the financial and collateral performance reporting processes in general. Recent events have demonstrated the material losses which investors such as a Client Account can incur as a result of corporate mismanagement, fraud and accounting irregularities.

Investments in Bankrupt or Restructured Companies. Certain of the issuers of securities may be involved in bankruptcy or other reorganization proceedings. Although such investments may result in significant returns to a Client Account, they involve a substantial degree of risk. Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. Accordingly, a bankruptcy court may approve actions that are contrary to a Client Account.

Generally, the duration of a bankruptcy case can only be roughly estimated. The process can involve substantial legal, professional and administrative costs to the company and a Client Account; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the company may not be able to reorganize and may be required to liquidate assets. Although Sound Point intends to invest primarily in debt, the debt of companies in financial reorganization will in most cases not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can

result in a total loss of principal.

Investment in the debt of financially distressed companies domiciled outside the U.S. involves additional risks. Bankruptcy law and process may differ substantially from that in the U.S., resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain.

Sound Point may cause a Client Account to purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

Mezzanine Investments. Mezzanine investments of the type in which a Client Account may invest are primarily privately negotiated subordinated debt and equity securities issued in connection with leveraged transactions, such as management buyouts, acquisitions, refinancings, recapitalizations and later stage growth financings, and are generally rated below investment-grade or not-rated. Mezzanine investments may also include investments with equity participation features such as warrants, convertible securities, senior equity investments and common stock. Mezzanine investments are subject to the same risks associated with high yield securities” described above under “Investments in High Yield Securities.” Additional risks include the relative illiquidity of the investment, due to the relatively small number of holders of any particular Mezzanine investment.

Investments in Fixed-Income Securities. A Client Account may invest a portion of its capital in bonds or other fixed income securities, including, without limitation, bonds, notes and debentures issued by corporations, debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, commercial paper, and “higher yielding” (and, therefore, higher risk) debt securities of the former categories. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer’s inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk). A major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

Credit Analysis and Credit Risk. The strategies utilized by Sound Point require accurate and detailed credit analysis of issuers and there can be no assurance that its analysis will be accurate or complete. A Client Account may be subject to substantial losses in the event of credit deterioration or bankruptcy of one or more issuers in its portfolio.

“Widening” Risk. The prices of the securities in which a Client Account invests may decline substantially. In particular, purchasing assets at what may appear to be “undervalued” levels is no guarantee that these assets will not be trading at even more “undervalued” levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such “spread widening” risk.

Limited Diversification. At any given time, it is possible that a Client Account may make investments that are concentrated in a particular type of security, industry or market capitalization. This limited

diversity could expose a Client Account to significantly greater volatility than in a more diversified portfolio.

Use of Leverage. Sound Point may leverage a Client Account's portfolio through margin and other debt in order to increase the amount of capital available for investments. Although leverage increases returns to the Partners if a Client Account earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns to the Partners if a Client Account fails to earn as much on such incremental investments as it pays for such funds. In the event that a Client Account leverages its portfolio, fluctuations in the market value of a Client Account's portfolio will have a significant effect in relation to a Client Account's capital and the risk of loss and the possibility of gain will each be increased. In addition, when a Client Account utilizes leverage, the level of interest rates generally, and the rates at which a Client Account can borrow in particular, will be an expense of a Client Account and therefore affect the operating results of a Client Account. Leverage increases the risk of substantial losses (including the risk of a total loss of capital), and leverage can significantly magnify the volatility of a Client Account's portfolio.

A Client Account may use short-term margin borrowing in purchasing securities positions. Such borrowing, if made, may result in certain additional risks to a Client Account. For example, should the securities pledged to brokers to secure a Client Account's margin accounts decline in value, a Client Account could be subject to a "margin call" pursuant to which a Client Account would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in value of a Client Account's assets, a Client Account might not be able to liquidate assets quickly enough to pay off its margin debt.

Short Sales. Sound Point may engage in short sales as part of hedging transactions or when it believes securities are overvalued. Short sales are sales of securities a Client Account borrows but does not actually own, usually made with the anticipation that the prices of the securities will decrease and a Client Account will be able to make a profit by purchasing the securities at a later date at the lower prices. A Client Account will incur a potentially unlimited loss on a short sale if the price of the security increases prior to the time it purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a "long" position is limited to the purchase price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss.

Short sale transactions have been subject to increased regulatory scrutiny in response to recent market events, including the imposition of restrictions on short selling certain securities and reporting requirements. A Client Account's ability to execute a short selling strategy may be materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events.

Hedging. A Client Account may utilize certain financial instruments and investment techniques for risk management or hedging purposes. There is no assurance that such risk management and hedging strategies will be successful, as such success will depend on, among other factors, Sound Point's ability to predict the future correlation, if any, between the performance of the instruments utilized for hedging purposes and the performance of the investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a Client Account's hedging strategies may also be subject to Sound Point's ability to correctly readjust and execute hedges in an efficient and timely manner. There is also a risk that such correlation will change over time rendering the hedge ineffective. It may be more difficult to hedge a position in a smaller cap issuer than a larger-

cap issuer. A Client Account's portfolio is not expected to be completely hedged at all times and at various times Sound Point may elect to be more fully hedged and at other times hedged only to a limited extent, if at all. Accordingly, a Client Account's assets may not be adequately protected from market volatility and other conditions.

Illiquid Securities; Designated Investments. It is anticipated that up to 10% of certain Client Account's net assets (determined at the time that any such investment is made or, if an existing investment is designated as a Designated Investment, at the time of such designation) will be invested in Designated Investments. Such securities may have to be held for a substantial period of time before they can be liquidated, if at all. A significant portion of all Client Account assets may be illiquid. Market prices for such securities are often volatile and may not be ascertainable. The resale of restricted and illiquid securities often may have higher brokerage charges. In addition, certain illiquid and restricted investments may be segregated as Designated Investments, and may represent capital not available for withdrawal by Limited Partners. Such investments may be difficult to value.

CLO investments are often illiquid. Consequently, an investor in CLO securities must be prepared to hold its investment in the securities until the stated maturity date. The securities are not, and will not be, registered under the U.S. Securities Act or any state securities law. Although one or more classes of CLO securities may be listed on the Irish Stock Exchange, such listing does not guarantee liquidity of investment or that an active secondary market for such securities will develop. In the past several years, securities issued in securitization transactions (such as the CLO securities) have experienced significant market value fluctuations. In addition, a variety of potential investors now consider such investments as inappropriate or are prohibited by regulatory restrictions or investments policies from purchasing such securities.

Counterparty Risk. Some of the markets in which a Client Account may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. This exposes a Client Account to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing a Client Account to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Client Account has concentrated its transactions with a single or small group of counterparties. Counterparties in foreign markets face increased risks, including the risk of being taken over by the government or becoming bankrupt in countries with limited if any rights for creditors. A Client Account is not restricted from concentrating any or all of its transactions with one counterparty. The ability of a Client Account to transact business with any one or number of counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by a Client Account. Counterparty risks also include the failure of executing brokers to honor, execute, or settle trades.

Lender Liability; Equitable Subordination. In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lenders or bondholders on the basis of various evolving legal theories (commonly referred to as "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender or bondholder has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or issuer or has assumed a degree of control over the borrower or issuer resulting in the creation of a fiduciary duty owed to the borrower or issuer or its other creditors or stockholders.

Undervalued Equity Securities. A Client Account may invest in companies that Sound Point believes are undervalued. Opportunities in undervalued equity securities arise from market inefficiencies or due

to a lack of wide recognition of the potential impact (positive or negative) that specific events or trends may have on the value of a security. The identification of investment opportunities in undervalued securities is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

Equity Securities of Growth Companies. A portion of a Client Account's assets may be invested in equity securities of companies that Sound Point believes have potential for capital appreciation significantly greater than that of the market averages, so-called "growth" companies. The market capitalization of the growth companies in which a Client Account will invest may range from small to large capitalizations. Growth stocks are generally more sensitive to market movements than other types of stocks, primarily because their stock prices are based heavily on future expectations. Securities of growth companies may be traded in the OTC markets. While OTC markets have grown rapidly in recent years, many OTC securities trade less frequently and in smaller volume than exchange-listed securities. The values of these securities may fluctuate more sharply than exchange-listed securities, and a Client Account may experience some difficulty in acquiring or disposing of positions in these securities at prevailing market prices.

Purchasing Securities of Initial Public Offering. From time to time a Client Account may purchase securities that are part of initial public offerings. The prices of these securities may be very volatile. The issuers of these securities may be undercapitalized, have a limited operating history, and lack revenues or operating income without any prospects of achieving them in the near future. Some of these issuers may only make available a limited number of shares for trading and therefore it may be difficult for a Client Account to trade these securities without unfavorably impacting their prices. In addition, investors may lack extensive knowledge of the issuers of these securities. A Client Account may invest in securities that are "new issues," as defined by Rule 5130. Rules 5130 and 5131 restrict certain persons from participating in "new issues." There is a mechanism for the purchase of new issues that excludes participation in such investment by any Partner that is deemed restricted.

Risks of Investments in Options. Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (*i.e.*, sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value. Over-the-counter options that a Client Account may use in its investment strategies generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The over-the-counter market for options is relatively illiquid, particularly for relatively small transactions.

Repurchase Agreements. In the event of a bankruptcy or other default of a transferor of securities in a repurchase agreement, a Client Account as transferee could experience both delays in liquidating the underlying securities and losses, including: (a) a possible decline in the value of the collateral during the period in which a Client Account seeks to enforce its rights thereto; (b) possible subnormal levels of income and lack of access to income during this period; and (c) expenses of enforcing its rights. In the case of default by the transferee of securities in a repurchase agreement, a Client Account as transferor

runs the risk that the transferee may not deliver the securities when required.

Swap Transactions. A Client Account may enter into swap agreements with respect to securities, indexes of securities and other assets or other measures of risk or return. Swap agreements are typically two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to many years. In a standard “swap” transaction, two parties agree to exchange the returns (or the differential in rates of return) earned or realized on particular predetermined investments, instruments, or indices. The gross returns to be exchanged or “swapped” between the parties are generally calculated with respect to a “notional amount”. Whether a Client Account’s use of swap agreements will be successful will depend on Sound Point’s ability to select appropriate transactions for a Client Account. Swap transactions may be highly illiquid. Moreover, a Client Account bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect a Client Account’s ability to terminate existing swap transactions or to realize amounts to be received under such transactions. Swaps and certain other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

Total return swaps are another form of swap transaction that a Client Account may utilize in its investment program. A total return swap allows the total return receiver to receive the change in market value of an asset (whether a security, interest rate, form of debt, currency or other asset) from the total return payer in return for paying a floating or fixed interest-rate on a predetermined amount. The total return payer is synthetically short and the total return receiver is synthetically long. Thus, total return swap agreements may effectively add leverage to a Client Account’s portfolio because, in addition, to its total net assets, a Client Account would be subject to investment exposure on the notional amount of the swap agreement.

Other Derivative Investments. Derivative instruments or “derivatives” include futures, options, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are leveraged, and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement may expose a Client Account to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent Sound Point from promptly liquidating unfavorable positions and subject a Client Account to substantial losses.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements, and speculative position limits are not applicable. For example, there are no requirements with respect to record keeping, financial responsibility or segregation of customer funds or positions. In contrast to exchange-traded futures contracts, interbank traded instruments rely on the dealer or contracting counterparty to fulfill its contract. As a result, trading in interbank foreign exchange contracts may be subject to more risks than futures or options trading on regulated exchanges, including, but not limited to, the risk of default due to the failure of a counterparty with which a Client Account has forward contracts. Although Sound Point seeks to trade with responsible counterparties, failure by a counterparty to fulfill its contractual obligation could expose a Client Account to unanticipated losses. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any currency market traded by a Client Account due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which Sound Point would otherwise recommend, to the possible detriment of a Client Account. Market illiquidity or disruption could result in significant losses to a Client Account.

Small and Mid-Cap Risks. A portion of a Client Account’s assets could potentially be invested in securities of small-cap and mid-cap issuers. While, in Sound Point’s opinion, the securities of small and mid-cap issuers may offer the potential for greater capital appreciation than investments in securities of large-cap issuers, securities of small-cap and mid-cap issuers may also present greater risks. For example, small and mid-cap issuers often have limited operating histories, product lines, markets, or financial resources. They may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment research analysts and may be subject to wider price swings and, thus, may create a greater chance of loss than investments in securities of larger-cap issuers. The market prices of securities of small and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-cap issuers. Transaction costs in securities of small and mid-cap issuers may be higher than in those of large-cap issuers.

Exchange Traded Funds. An ETF is a fund that tracks an index of securities, but can be traded like a stock, including short selling. Because ETFs are traded on stock exchanges, they can be bought and sold at any time during the day (unlike most mutual funds). Unlike mutual funds, ETFs don’t necessarily trade at the net asset value of their underlying holdings, meaning an ETF could potentially trade above or below the value of the underlying portfolios. Equity-based ETFs are subject to risks similar to those of investing directly in stocks. Investment returns will fluctuate and are subject to market volatility.

Economic and Regulatory Climate. The success of a Client Account’s activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of a Client Account’s investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect, among other things, the level and volatility of securities’ prices, the liquidity of a Client Account’s investments and the availability of certain securities and investments. Volatility or illiquidity could impair a Client Account’s profitability or result in losses. A Client Account may maintain substantial

trading positions that can be materially adversely affected by the level of volatility in the financial markets — the larger the positions, the greater the potential for loss.

The global financial markets have in recent years gone through pervasive and fundamental disruptions that have led to extensive governmental intervention. Such interventions have in certain cases been implemented on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition — as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action — these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty. It is impossible to predict what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on Sound Point’s strategies.

Transaction Execution and Costs. As Sound Point expects to actively manage a Client Account’s portfolio, purchases and sales of investments may be frequent and may result in higher transaction costs to a Client Account. In addition, in many cases relatively narrow spreads may exist between the prices at which a Client Account will purchase and sell particular positions. The successful application of a Client Account’s investment strategy will therefore depend, in part, upon the quality of execution of transactions, such as the ability of broker-dealers to execute orders on a timely and efficient basis. Although a Client Account will seek to utilize brokerage firms that will afford superior execution capability to a Client Account, there is no assurance that all of a Client Account’s transactions will be executed with optimal quality. Furthermore, due to the degree of trading, total commission charges and other transaction costs may be expected to be high. The level of commission charges, as an expense of a Client Account, may therefore be expected to be a factor in determining future profitability of a Client Account.

Inflation Risk. Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if a Client Account purchases a 5-year bond in which it can realize a coupon rate of five percent (5%), but the rate of inflation is six percent (6%), then the purchasing power of the cash flow has declined. For all but inflation-linked bonds, adjustable bonds or floating rate bonds, a Client Account is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security. To the extent that interest rates reflect the expected inflation rate, floating rate bonds have a lower level of inflation risk.

Portfolio Liquidity and Transfer Restrictions (PIPEs and Similar Investments). A Client Account may invest in so-called “PIPE” transactions, in which a private purchase of common stock or a security convertible into common stock is anticipated to be followed shortly by a registered public offering of such common stock, or of common stock of the same class. As securities sold in a PIPE transaction will generally be restricted only for the period from the private sale until the issuer’s registration statement with the SEC covering resale of such securities becomes effective, a Client Account may pay more for such securities than for other private placement securities. If the issuer is unable to obtain an effective resale registration statement for a PIPE, the PIPE will remain restricted under U.S. securities laws (subject to the availability of some other exemption) and a Client Account may be unable to recover from the issuer an amount sufficient to compensate a Client Account for the loss of liquidity of such security.

Foreign Securities. A Client Account may invest in securities of non-U.S. issuers. A Client Account’s investments in securities and instruments in foreign markets involve substantial risks not typically associated with investments in U.S. securities. Foreign securities investments may be affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings

between nations. Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of a Client Account's assets denominated in that currency and thereby impact a Client Account's total return on such assets. A Client Account may utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Investments in foreign securities will also occasion risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of Partnership assets and any effects of foreign social, economic or political instability. Foreign companies are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Moreover, foreign companies are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies. Finally, in the event of a default of any foreign debt obligations, it may be more difficult for a Client Account to obtain or enforce a judgment against the issuers of such securities.

Securities of foreign issuers may be less liquid than comparable securities of U.S. issuers and, as such, their price changes may be more volatile. Furthermore, foreign exchanges and broker-dealers are generally subject to less government and exchange scrutiny and regulation than their American counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher in foreign markets than in the U.S. In addition, differences in clearance and settlement procedures in foreign markets may occasion delays in settlements of a Client Account's trades affected in such markets. American counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher in foreign markets than in the U.S. In addition, differences in clearance and settlement procedures in foreign markets may occasion delays in settlements of a Client Account's trades affected in such markets.

European Countries. The Distressed Funds' portfolio will contain securities of European companies and as a result, performance will be closely tied to economic and political conditions within Europe. In addition to the following, the foregoing risks with respect to foreign securities also apply to investments in European countries. Some European countries have less stable economies than that of the United States. The movement of many European countries toward market economies and the movement toward a unified common market may significantly affect European economies and markets. Additional economic changes are taking place throughout Europe. These changes may include increased public ownership of many companies; increased levels of taxation; corporate restructurings; increased regulation of the securities markets; global expansion by major European companies of both exports and production; steps toward the broadening of the EU; economic reform and modernization of the former communist countries of Eastern Europe. There can be no assurance that these changes will continue, be affected or that anticipated economic benefits will be realized.

American Depositary Securities & Receipts. In certain instances, rather than directly holding securities of non-U.S. companies, a Client Account may hold these securities through an American Depositary Receipt (an "ADR"). An ADR is issued by a U.S. bank or trust company to evidence its ownership of securities of a non-U.S. company. The currency of an ADR may be U.S. dollars rather than the currency of the non-U.S. company to which it relates. The value of an ADR will not be equal to the value of the underlying non-U.S. securities to which the ADR relates as a result of a number of factors. These factors include the fees and expenses associated with holding an ADR, the currency exchange relating to the conversion of foreign dividends and other foreign cash distributions into U.S. dollars, and tax considerations such as withholding tax and different tax rates between the jurisdictions. In addition, the rights of a Client Account, as a holder of an ADR, may be different than the rights of holders of the underlying securities to which the ADR relates, and the market for an ADR may be less

liquid than that of the underlying securities. The foreign exchange risk will also affect the value of the ADR and, as a consequence, the performance of the investor holding the ADR.

Subordination. Each class of CLO securities (other than the highest-ranking class) is subordinated to higher-ranking classes and all classes of securities are subordinated to the payment of certain fees and expenses to the extent provided under the priorities of payment. In addition, amounts otherwise available to make payments on lower-ranking classes are subject to diversion to pay interest on and/or principal of secured notes under the priorities of payment. Notwithstanding the priority of interest payments and the priority of principal payments, if the CLO notes are accelerated following an event of default and such acceleration is not rescinded, no payments of interest on and principal of any lower-ranking classes will be made until each higher-ranking class has been paid in full. To the extent that any losses are suffered, such losses will be borne by the securities in reverse order of priority, commencing with the subordinated notes.

CLO Ratings Not Necessarily Indicative of Asset Quality; Actions of any Rating Agency can Adversely Affect the Market Value or Liquidity of the Securities. The ratings assigned to the CLO secured notes by the rating agencies are not necessarily indicative of the quality of the secured notes. Credit ratings only represent the rating agencies' opinions of credit quality and are not a recommendation to buy, sell or hold assets. They do not purport to assess market, regulatory or other risks that are relevant to the assessment of the quality of an asset. Credit ratings may not accurately assess credit risk and may be reduced or withdrawn at any time.

The rating agencies may change their published ratings criteria or methodologies for securities such as the secured notes at any time in the future. Further, the rating agencies may retroactively apply any such new standards to the ratings of the secured notes. Any such action could result in a substantial lowering (or even withdrawal) of any rating assigned to any secured note, despite the fact that such secured note might still be performing fully to the specifications set forth for such secured note in this offering memorandum and the transaction documents. Additionally, any rating agency may, at any time and without any change in its published ratings criteria or methodology, lower or withdraw any rating assigned by it to any class of secured notes. If any rating initially assigned to any Secured Note is subsequently lowered or withdrawn for any reason, Holders of the securities may not be able to resell their Securities without a substantial discount. Any reduction or withdrawal to the ratings on any class of secured notes may significantly reduce the liquidity of the Securities and may adversely affect the Issuer's ability to make certain changes to the composition of the collateral assets.

Item 9. Disciplinary Information

Sound Point and its employees do not have any legal or disciplinary events that would be material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10. Other Financial Industry Activities and Affiliations

The following is a list of the Credit Funds:

- Sound Point Credit Opportunities Master Fund, LP, a Cayman Islands limited partnership;
- Sound Point Credit Opportunities Fund, LP, a Delaware limited partnership, which is a feeder Fund for Sound Point Credit Opportunities Master Fund, LP; and
- Sound Point Credit Opportunities Offshore Fund, Ltd, a Cayman Islands exempted company, which is a feeder fund for Sound Point Credit Opportunities Master Fund, LP

The following is a list of the Floating Rate Funds:

- Sound Point Senior Floating Rate Master Fund, LP, a Cayman Islands limited partnership; and
- Sound Point Senior Floating Rate Fund, LP, a Delaware limited partnership, which is a feeder fund for Sound Point Floating Rate Master Fund, LP

The following is a list of the Distressed Funds:

- Sound Point Beacon Master Fund, LP, a Cayman Islands limited partnership;
- Sound Point Beacon Fund, LP, a Delaware limited partnership, which is a feeder fund for Sound Point Beacon Master Fund, LP; and
- Sound Point Beacon Offshore Fund, Ltd, a Cayman Islands exempted company, which is a feeder fund for Sound Point Beacon Master Fund, LP

Sound Point is an advisor to the following 40 Act Funds:

- Sound Point Floating Rate Income Fund, a Delaware statutory trust

Sound Point is a sub-advisor to the following 40 Act Funds:

- NB Alternative Investment Management, LLC, a Delaware limited liability company;
- Hatteras Alternative Mutual Funds Trust, a Delaware statutory trust ; and
- ALPS/Westport Resources Hedged High Income Fund, Delaware statutory trust

Sound Point is a sub-advisor to the following UCIT:

- NB Absolute Return Multi Strategy UCITS Fund, a Ireland limited liability company

Sound Point is collateral manager to the following CLOs:

- Sound Point CLO I, Ltd., a Caymans Islands limited liability company;
- Sound Point CLO II, Ltd., a Caymans Islands limited liability company;
- Sound Point CLO III, Ltd., a Caymans Islands limited liability company; and
- Sound Point CLO IV, Ltd., a Caymans Islands limited liability company

Sound Point may also provide services to special purpose vehicles involved with the establishment of the CLOs.

Sound Point is affiliated with the following entities that provide investment advisory and other services to the Funds:

- Sound Point Credit Opportunities GP, LLC, a Delaware limited liability company, which

serves as general partner, and provides advisory and other services, to Sound Point Credit Opportunities Master Fund, LP and Sound Point Credit Opportunities Fund, LP; and

- Sound Point Senior GP, LLC, a Delaware limited liability company, which serves as general partner, and provides advisory and other services, to Sound Point Senior Floating Rate Master Fund, LP and Sound Point Senior Floating Rate Fund, LP.
- Sound Point Beacon GP, LLC, a Delaware limited liability company, which serves as general partner, and provides advisory and other services, to Sound Point Beacon Master Fund, LP and Sound Point Senior Beacon Fund, LP.

Sound Point also serves as an investment manager to the Managed Accounts.

No management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Sound Point, Sound Point Credit Opportunities GP, LLC and the Sound Point Beacon GP, LLC have filed exemptions from registration as a commodity pool operator with the NFA. No other management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

Potential Conflicts of Interest

Sound Point and its affiliates and employees may engage in other activities, including providing investment management and advisory services to the Client Accounts and other accounts, and shall not be required to refrain from any activity, to disgorge profits from any such activity or to devote all or any particular amount of time or effort of any of their officers, directors or employees to a Sound Point Fund and its affairs or to another Client Account. Such other accounts may pursue a substantially similar investment strategy as the strategy for a Client Account. In addition, Sound Point may have a conflict of interest in rendering advice to a client because the financial benefit from managing some other client's account may be greater (e.g. such account generates higher fees or allocations tied to either higher percentages earned or larger amounts of capital investment by Sound Point or its affiliates), which may provide an incentive to favor the other account. Sound Point and its respective members, officers and employees will devote as much of their time to the activities of a Sound Point Fund or a Managed Account as Sound Point deems necessary and appropriate.

Allocation of investment opportunities among Client Accounts with similar investment criteria will be made in a manner that Sound Point believes is fair and equitable to such Client Accounts under the circumstances existing at such time, and may take into consideration factors such as the following: the Client Accounts' liquidity needs, size, objectives (including those set forth in the relevant Client Account's governing documents, where applicable), differences with respect to available capital, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition and cash level, the nature of the investment opportunity, including the size, minimum investment amounts and potential yield, and applicable legal or regulatory restrictions (the "Allocation Factors"). When the purchase and sale of securities is considered to be in the best interest of more than one Client Account, investments will generally be made proportionately based on the respective net assets of each entity subject to the Allocation Factors and the securities to be purchased or sold may be aggregated in order to obtain superior execution and/or lower brokerage expenses. Execution prices for identical securities purchased or sold on behalf of multiple accounts in any one business day may be averaged. In such events, allocation of prices, as well as expenses incurred in the transaction, shall be made in a manner Sound Point considers to be equally as favorable to any Client Account as to any other party. Sound

Point periodically reviews allocation of investment opportunities and sequencing of transactions to determine whether each Client Account is treated fairly.

The officers, directors and employees of Sound Point and its affiliates may trade in securities for their own accounts, subject to restrictions and reporting requirements as may be required by law or otherwise determined from time to time by Sound Point. As a result of differing trading and investment strategies or constraints, positions may be taken by principals, officers, employees, and affiliates of Sound Point that are the same as, different from, or made at a different time than positions taken for a Sound Point Fund or a Managed Account. See **Item 11** (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading).

The use of a master-feeder structure may also create a conflict of interest in that different tax considerations for the Sound Point Funds and may cause Sound Point to structure or dispose of an investment in a manner that is more advantageous to one Fund. Since Sound Point has certain responsibilities with respect to valuing assets of the certain Client Accounts, it may have a conflict of interest with investors because it or its affiliate's receipt of the management fees and performance-based compensation may give it an incentive to value such assets at a higher valuation.

Sound Point Senior Floating Rate Master Fund, LP is an investor in Sound Point CLO I, Ltd., Sound Point CLO III, Ltd., and Sound Point CLO IV, Ltd. Sound Point Credit Opportunities Master Fund, LP is an investor in Sound Point CLO I, Ltd., Sound Point CLO II, Ltd., Sound Point CLO III, Ltd., Sound Point CLO IV, Ltd. and the Sound Point Beacon Master Fund, LP. Investors in certain Sound Point Funds are indirectly paying Sound Point a second layer of management and potentially incentive fees due to such Sound Point Funds' investments in the CLOs. Sound Point Credit Opportunities Master Fund, LP does not pay any fees with respect to its investment in the Sound Point Beacon Master Fund, LP.

For a further discussion of these and related items, see **Item 8** (Method of Analysis, Investment Strategies and Risk of Loss), **Item 11** (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading) and **Item 12** (Brokerage Practices).

Item 11. Codes of Ethics, Participation or Interest in Client Transactions and Personal Trading

Sound Point has adopted a code of ethics pursuant to Advisers Act Rule 204A-1. Sound Point's code of ethics requires full compliance with all applicable laws and regulations governing the provision of investment management services to its clients. In addition, Sound Point's code of ethics highlights the fiduciary duty that it owes to its clients, including the affirmative duty to act in the best interests of its clients and to make full and fair disclosure of material facts. Sound Point expects each supervised person to act with integrity, competence, dignity, and in an ethical manner when dealing with the public, the Client Accounts, investors and prospective investors in the Client Accounts, service providers and fellow supervised persons. Sound Point also expects supervised persons to adhere to the highest standards with respect to any potential conflict of interest with clients.

Sound Point's code of ethics contains guidelines relating to personal trading by supervised persons (and certain of their immediate family members). Except with respect to certain exempted transactions, no supervised person may purchase or sell any security without first obtaining pre-clearance from the Chief Compliance Officer. Sound Point's supervised persons are not permitted to purchase or sell any security that is also held by the Client Accounts. Sound Point's code of ethics also requires supervised persons to provide it with certain securities holdings and periodic transaction reports, as required by Advisers Act Rule 204A-1.

Sound Point's code of ethics has specific provisions relating to identifying potential conflicts of interest. The provisions prohibit a supervised person from directing client transactions for the purpose of obtaining a personal benefit. They also generally prohibit personal business dealings with clients or investors without the prior approval of the Chief Compliance Officer. The code of ethics includes provisions relating to accepting offers of gifts or entertainment from third parties.

All violations of the code of ethics must be promptly reported to the Chief Compliance Officer, who is primarily responsible for administering and enforcing Sound Point's code of ethics. A violation of the code of ethics may result in the imposition of disciplinary and remedial measures, including, without limitation, disgorgement or termination.

Clients may obtain, free of charge, a full copy of our code of ethics by contacting us at the following address:

Sound Point Capital Management, LP
375 Park Avenue, 25th Floor
New York, NY 10152
Attention: Chief Compliance Officer
212-895-2278
www.soundpointcap.com

Item 12. Brokerage Practices

As an investment adviser, Sound Point has a fiduciary obligation to seek to obtain "best execution" of client transactions for client accounts managed by Sound Point, taking into account the particular circumstances of the transaction. When evaluating brokers to execute transactions for Client Accounts, Sound Point will consider the full range and quality of a broker's services including, among other things, the total cost or proceeds of the transaction, commission rates charged, the value of research and other services provided by the broker, the ability to negotiate transactions, the ability to obtain volume discounts, the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution, the reliability, integrity, stability, and financial condition of the broker, the broker's general execution, settlement and operational capabilities, access to underwritten offerings and secondary markets, financial responsibility, prior performance, and responsiveness. The determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution for the Client Account. Sound Point will maintain a list of approved broker-dealers executing its clients' transactions and will periodically evaluate the performance of those broker-dealers.

Sound Point will not engage in "interpositioning," or placing a client transaction through a broker-dealer (for a commission) that then, in turn, places the order with a market maker (for which a mark-up/down is charged), when the order could be placed directly with the market maker for no disclosed brokerage commission and with no loss of service.

Soft Dollars

Sound Point has not historically and does not currently utilize soft dollars. Sound Point reserves the right to enter into soft dollar arrangements but will generally only do so to the extent consistent with Section 28(e) of the Securities Exchange Act of 1934 (the "Safe Harbor"). Under the terms of the Safe Harbor, soft dollar credits may only be used to pay for the cost of research, trade execution and other expenses directly related to the investment decision-making process. If soft dollar credits are used in the future, Sound Point will limit its use of soft dollars to pay for proprietary research and execution

services provided by the brokers with whom it executes client transactions. Such products and services may include, among other things, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; and statistics and pricing or appraisal services, discussions with research personnel, special execution capabilities, and the availability of stocks to borrow for short sales. Sound Point does not currently use soft dollars to pay for third party research services, including Bloomberg and other data services, provided by brokers. However, certain of the services made available to Sound Point in connection with its prime brokerage relationships (including access to technology and capital introduction services) may be outside of the safe harbor. Where a product or service obtained with soft dollars provides both research and non-research assistance to Sound Point, Sound Point will make a reasonable allocation of the cost that may be paid with soft dollars.

Sound Point could benefit from the use of soft dollar arrangements because it would not have to produce or pay for the research or other products and services acquired with soft dollars. Furthermore, Sound Point may have an incentive to select a broker-dealer based on Sound Point's interest in receiving research or other products or services from such broker-dealer rather than the Client Accounts' in receiving most favorable execution. Sound Point could use soft dollars to benefit all of the Client Accounts rather than only those that paid for the benefit, although in many instances all of the Client Accounts pay their pro rata portion of the commissions or mark-ups/downs, as applicable, that generate soft dollar credits. The use of soft dollars could give Sound Point an incentive to select brokers or dealers for transactions of the Client Accounts, or to negotiate commission rates or other execution terms, in a manner that takes into account the soft dollar benefits received by Sound Point rather than giving exclusive consideration to the interests of the Client Accounts.

Trade Error Policy

Sound Point exercises due care in making and implementing investment decisions on behalf of its clients. If an error occurs, Sound Point seeks to ensure that the best interests of its clients are served when correcting such errors. Errors in the trading process (i.e., placement, execution or settlement) will be considered to be "Trade Errors" under Sound Point's trade error policy. Trade Errors do not include good faith errors in judgment in making investment decisions for clients or matters outside of the placement, execution and settlement of transactions. Sound Point generally will not reimburse a client for any loss resulting from the Trade Error unless the loss was the result of Sound Point's bad faith, fraud, gross negligence or reckless or intentional misconduct. In addition, Sound Point will not compensate clients for lost opportunities associated with Trade Errors. If a Trade Error results in a gain, the gain generally will accrue to the benefit of the affected Client Accounts. Under no circumstances may soft dollars be used to correct errors.

Aggregation of Transactions

Sound Point aggregates trades for the Client Accounts, unless it believes that doing so would conflict or otherwise be inconsistent with its duty to seek best execution for the Client Accounts and/or the terms of the respective investment management and other agreements and understandings relating to the Client Accounts for which trades are being aggregated. When Sound Point believes that it can effectively obtain best execution for the Client Accounts by aggregating trades, it will do so for all Client Accounts for which the trades are both suitable and consistent with the respective investment management agreements, investment guidelines, and other agreements and understandings relating to such Client Accounts, unless prohibited or restricted by law, contract, or otherwise.

For a further discussion of these and related items, see **Item 8** (Methods of Analysis, Investment Strategies and Risk of Loss), **Item 10** (Other Financial Industry Activities and Affiliations) and **Item**

11 (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading).

Item 13. Review of Accounts

The portfolios of the Client Accounts are reviewed daily by the portfolio manager responsible for that particular Client Account. In addition, the portfolio of each Client Account is reviewed regularly by the firm's Chief Financial Officer. The respective Boards of Directors are responsible for the valuation of the portfolios of the 40 Act Funds.

Investors receive monthly capital account statements for their investments in each Sound Point Fund. Additionally, investors receive monthly and quarterly written updates of the activity in their Fund and the relevant markets. Investors in the Sound Point Funds are also furnished with annual reports containing financial statements examined by a Sound Point Fund's independent auditors within 120 days after the end of each taxable year.

Managed Account clients receive monthly transaction reports directly from the custodian as well as monthly and quarterly written updates of the activity in the Managed Account and the relevant markets from Sound Point.

Investor reporting for the NB Alternative Investment Management, LLC, NB Absolute Return Multi Strategy UCITS Fund, ALPS/Westport Resources Hedged High Income Fund and Hatteras Alternative Mutual Funds Trust is the responsibility of the Advisors to those funds. Sound Point makes the relevant investor disclosures for the Sound Point Floating Rate Income Fund in filings with the SEC.

The CLO custodians provide all investor reporting for the CLOs.

Item 14. Client Referrals and Other Compensation

Sound Point does not receive any economic benefit from anyone other than its clients as a result of the provision of investment advice or other advisory services to the Client Accounts.

Sound Point and its affiliates compensate broker-dealers for solicitation of prospective investors for certain of the 40 Act Funds. Sound Point and/or its affiliates may pay placement fees, certain expenses, and servicing fees to certain broker-dealers or solicitors, acting as placement agents, that solicit investors for the Sound Point Funds, as described in the offering documents of the relevant Sound Point Funds, and investors for Managed Accounts that may be based on a percentage of the assets initially invested, or remaining invested over time, from the investor, or based upon fees received by Sound Point or its affiliates, in respect of investors placed by that placement agent.

Item 15. Custody

Sound Point and its affiliates have custody of the assets of the Sound Point Funds. Sound Point does not use a qualified custodian to send quarterly account statements directly to the investors in the Sound Point Funds. The Sound Point Funds will distribute their annual audited financial statements to their investors within 120 days of their fiscal year-end. Sound Point urges investors to carefully review the audited financial statements of the Sound Point Funds in which they are invested.

Sound Point does use a qualified custodian to send quarterly (or monthly) account statements directly to the investors with Managed Accounts in addition to the monthly or quarterly reports and investor letters Sound Point prepares. Such Managed Account clients should closely examine the account statements provided by the custodian, and should compare such account statements to the reports

received from Sound Point.

Sound Point does not have custody of the assets of the CLOs or the 40 Act Funds or the UCIT.

Item 16. Investment Discretion

Sound Point has discretionary authority to manage the assets of the Sound Point Funds in a manner that is consistent with the objectives and strategies set forth in the applicable Sound Point Funds' offering documents. This authority is granted by each Sound Point Fund to Sound Point pursuant to the investment management agreement between the applicable Sound Point Fund and Sound Point.

Sound Point may have discretionary authority depending on the terms of the investment advisory agreement to manage the assets of the Managed Accounts in a manner that is consistent with the objectives and strategies set forth in the applicable investment management agreement between Sound Point and such Managed Account client.

Except as described in the above two paragraphs, there are no limitations placed on this authority.

As collateral manager, Sound Point's discretionary authority with respect to the CLOs is restricted by the terms of each CLO as described in their indentures. As a sub-advisor, Sound Point's discretionary authority with respect to the 40 Act Funds and the UCIT may be restricted by the fund's Manager.

For more information, please see **Item 4** (Advisory Business).

Item 17. Proxy Voting

Sound Point generally has proxy voting authority over securities held in client accounts for which it has discretionary investment management responsibility. Proxy voting, however, is not an integral component of Sound Point's investment strategy, which focuses primarily on investments and trading in fixed income, credit and credit-linked securities (collectively referred to herein as "credit positions"). These types of securities do not typically convey voting rights to the holder. To the extent Sound Point holds equity securities, it will generally be for the purpose of hedging credit positions or for short-term trading strategies. Sound Point's policy with respect to the exercise of its proxy voting authority is to vote proxies only where it believes that the vote is likely to have a material positive economic impact (or to avoid a material negative economic impact) on the value of the underlying credit position (taking into account any related hedges) or the short-term trading strategy employed for the client accounts. If Sound Point does not believe the exercise of a proxy vote right will have a material economic impact on the client account, Sound Point generally will not exercise its voting authority with respect to a proxy. In addition, Sound Point may elect to not vote a proxy if the cost of voting, or time commitment required to vote a proxy outweighs the expected benefits of voting the proxy.

Item 18. Financial Information

Sound Point is required in this Item to provide you with certain financial information or disclosures about Sound Point's financial condition, if applicable. Sound Point has no financial commitment that is reasonably likely to impair its ability to meet contractual commitments to its clients, and has not been the subject of a bankruptcy proceeding.

Item 19. Requirements for State Registered Advisers

Sound Point is not registered with any State as an investment adviser.