



FIRM BROCHURE

EAGLE POINT CREDIT MANAGEMENT LLC

20 Horseneck Lane  
Greenwich, CT 06830  
(203) 340-8500

[www.eaglepointcreditcompany.com](http://www.eaglepointcreditcompany.com)

November 10, 2015

This firm brochure (“Brochure”) provides information about the qualifications and business practices of Eagle Point Credit Management LLC (“Eagle Point”). If you have any questions about the contents of this Brochure, please contact Eagle Point’s Chief Compliance Officer at (203) 340-8500 or [cco@eaglepointcredit.com](mailto:cco@eaglepointcredit.com). The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority. References to Eagle Point as a “registered investment adviser” do not imply a certain level of skill or training.

Additional information about Eagle Point is also available on the website of the U.S. Securities and Exchange Commission at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2.           Material Changes**

Since Eagle Point's previous annual amendment to its Form ADV Part 2A filed in March 2014, Eagle Point became the investment adviser of Eagle Point Credit Company Inc., a non-diversified, closed-end investment company registered under the Investment Company Act of 1940, as amended, which had its initial public offering in October 2014.

There was one amendment to Eagle Point's Code of Ethics ("Code"). In light of the above mentioned initial public offering, the Code was updated to restrict supervised persons (which includes directors, officers, and employees of Eagle Point) from trading in shares of Eagle Point Credit Company Inc. to certain designated windows. Additionally, Supervised Persons are now required to pre-clear all transactions in reportable securities.

In November 2015, Meryl Hartzband resigned from the Board of Managers of Eagle Point. As a result, Ms. Hartzband is no longer a member of Eagle Point's Board of Managers or Investment Committee. As noted on Eagle Point's Form ADV, Graham Goldsmith joined Eagle Point's Board of Managers.

### **Item 3. Table of Contents**

Item 1.	Cover Page.....	1
Item 2.	Material Changes .....	2
Item 3.	Table of Contents.....	3
Item 4.	Advisory Business .....	4
Item 5.	Fees and Compensation .....	6
Item 6.	Performance-Based Fees.....	9
Item 7.	Types of Clients .....	10
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss .....	10
Item 9.	Disciplinary Information.....	18
Item 10.	Other Financial Industry Activities and Affiliations.....	18
Item 11.	Codes of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	19
Item 12.	Brokerage Practices .....	21
Item 13.	Review of Accounts.....	23
Item 14.	Client Referrals and Other Compensation .....	23
Item 15.	Custody .....	23
Item 16.	Investment Discretion .....	24
Item 17.	Proxy Voting.....	24
Item 18.	Financial Information. ....	25

## Item 4. Advisory Business

### *General*

Eagle Point Credit Management LLC (“**Eagle Point**” or the “**Firm**”), a Delaware limited liability company, is an investment adviser with its principal office located in Greenwich, Connecticut. Eagle Point provides investment advisory services to pooled investment vehicles, separately managed accounts, and a registered investment company (collectively, the “**Accounts**”).

Eagle Point was established in 2012. Eagle Point is owned, indirectly, by certain members of management and, indirectly, by Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P. (collectively, the “**Trident V Funds**”) via two intermediary companies, Trident EP-I Holdings LLC and Trident EP-II Holdings LLC. The Trident V Funds are managed by Stone Point Capital LLC (“**Stone Point**”), a registered investment adviser, as described further under “*Item 10 – Other Financial Industry Activities and Affiliations*”.

### *Advisory Services*

Eagle Point provides discretionary investment advisory services to Accounts pursuant to separate investment advisory agreements between Eagle Point and each client. In addition, Eagle Point may, in the future, provide non-discretionary investment advisory services to such Accounts. Eagle Point primarily provides investment advisory services with respect to investments in collateralized loan obligations and similar securitization vehicles (“**CLOs**”) and, in particular, with respect to investments in CLO equity as described further in “*Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*”. However, Eagle Point also provides investment advice with respect to other types of securities.

### *Private Funds*

Certain Accounts managed by Eagle Point are privately offered pooled investment vehicles (“**Private Funds**”). Currently, each such Private Fund is an exempt limited partnership formed under the laws of the Cayman Islands and is part of a “master feeder” fund structure. Generally, a master feeder structure vests trading operations in a “master” fund while investors may typically access the master fund only through one or more “feeder” funds. These feeder funds, in turn, invest (directly or indirectly) in a master fund. A master fund may invest directly or indirectly through one or more subsidiaries. An affiliate of Eagle Point, Eagle Point Credit GP I LP, serves as the general partner of each of the Private Funds (the “**General Partner**”).

Each of the Private Funds is exempt from registration under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”), pursuant to Section 3(c)(7) of the Investment Company Act. Compliance with this exception requires the Private Funds to restrict the classes of persons who may invest. See “*Item 7 – Types of Clients*”.

### *Registered Fund*

Eagle Point is the investment adviser to Eagle Point Credit Company Inc. (“**Registered Fund**”), a non-diversified, closed end investment company registered under the Investment Company Act. The common stock of the Registered Fund is listed and trades on the New York Stock Exchange under the symbol “ECC”.

### ***About this Brochure***

Eagle Point provides this Brochure to current or certain prospective clients of Eagle Point. Eagle Point may also provide this Brochure to current or certain prospective investors in a Private Fund, together with a Private Fund's confidential offering memorandum or prospectus, organizational documents and other related documents (collectively, "**Private Fund's Governing Documents**"), prior to or in connection with such person's consideration or execution of an investment in a Private Fund.

Investors and other recipients should be aware that while the Brochure may include information about the Private Funds and Registered Fund, as necessary or appropriate, the Brochure should not be considered to represent a complete discussion of the features, risks or conflicts associated with any Private Fund or the Registered Fund. More complete information about each Private Fund is included in the Private Fund's Governing Documents, which may be provided to current and eligible prospective investors only by Eagle Point or another authorized party. More complete information about the Registered Fund is available on its website, <http://www.eaglepointcreditcompany.com> and on the SEC's website at <http://www.sec.gov>. **In no event should this Brochure be considered to be an offer of interests in a Private Fund or relied upon in determining to invest. It is also not an offer of, or agreement to provide, advisory services directly to any recipient.** Rather, this Brochure is designed to provide information about Eagle Point for the purpose of compliance with Eagle Point's obligations under the U.S. Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). Accordingly, the Brochure responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in a Private Fund's Governing Documents or the Registered Fund's Prospectus. To the extent that there is any conflict between discussions herein and similar or related discussions in any Governing Document or Prospectus, the Governing Document or Prospectus shall govern.

### ***Generally Applicable Investment Terms***

Eagle Point provides investment advice to each Account using the strategy and investment restrictions applicable to that Account as outlined in the applicable investment advisory agreement or, in the case of a Private Fund, the Private Fund's Governing Documents and in the case of the Registered Fund, the Registered Fund's Prospectus (collectively "**Governing Documents**"). Eagle Point does not tailor its advisory services to the individual investment objectives and strategies of the limited partners or investors in a Private Fund or Registered Fund. An investment in a Private Fund or Registered Fund does not, in and of itself, create an advisory relationship between the investor and Eagle Point. However, Eagle Point may enter into separate advisory arrangements with any such investor. Therefore, each investor must consider for itself whether any Private Fund or Registered Fund meets the investor's investment objectives and risk tolerance before investing.

### ***Investment Terms***

Each Private Fund imposes certain terms and conditions on investments which may include minimum investment requirements and lock-ups, gates, notice and periodicity requirements or other limitations on redemptions and/or liquidity, all as set forth in a Private Fund's Governing Documents. In addition, separately managed accounts may be subject to similar terms and conditions as set forth in the applicable investment advisory agreement.

### *Variation of Investment Terms*

The General Partner of the Private Funds and Eagle Point may enter into separate agreements, commonly referred to as “side letters,” or other similar agreements with a particular limited partner in connection with its admission to a Private Fund without the approval of any other limited partner. These agreements would have the effect of establishing rights under or supplementing the terms of the Private Fund’s partnership agreement with respect to that limited partner in a manner more favorable than those applicable to other limited partners. The rights or terms in any such side letter or other similar agreement may include, without limitation (i) reporting obligations of the General Partner and other information concerning the applicable Private Fund, (ii) waiver of certain confidentiality obligations, (iii) reduction of fees applicable to such limited partner, (iv) waiver of certain restrictions on the ability of the limited partner to withdraw all or part of its investment, (v) consent of the General Partner to certain transfers by the limited partner or (vi) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of a limited partner. Certain limited partners that may have the benefits of a “most favored nation” provision are given the opportunity to elect the rights and terms in any side letter or other similar agreement that are applicable to those limited partners. As a result, some investors may have more favorable investment terms, including those relating to information and liquidity, than others. When Eagle Point grants increased liquidity to an investor, and particularly where such an agreement is accompanied by enhanced information about a Fund’s operations or investments (often referred to as “transparency rights”), other investors may be disadvantaged.

Eagle Point, in its sole discretion, may offer more favorable terms (e.g., lower investment minimums, reduced or eliminated fees) to its personnel, related persons or others, including with respect to dedicated vehicles that invest in or alongside a Private Fund.

### *Side Pockets*

From time to time, a Private Fund may be invested, directly or through a special purpose vehicle, in assets that are illiquid or otherwise difficult to value. The Firm may determine to segregate such investments from the Private Fund’s main portfolio through the use of “side pockets.” For fee purposes that portion of an investor’s capital account attributable to assets committed to a side pocket are assessed fees at the rate and timing applicable to the investor’s investment as set forth in the relevant Private Fund’s Governing Documents.

### *Management of Client Assets*

As of September 30, 2015, Eagle Point manages approximately \$913 million in client assets on a discretionary basis. This amount includes unfunded capital commitments made to the Private Funds and excludes any feeder funds’ investment into a master fund so as to avoid double counting of assets.

## **Item 5. Fees and Compensation**

### *General*

Eagle Point generally receives, either directly or indirectly, advisory fees and/or performance-based allocations (“**incentive allocations**”) in connection with the investment management services it provides to the Accounts. The particular fees applicable to an Account are set forth in the investment advisory agreement applicable to such Account (and, in the case of a Private Fund, are set forth in the Private Fund’s Governing Documents, and, in the case of the Registered Fund, are set forth in the

Prospectus); however, prospective investors and clients should be aware that fees may change over time and that different fee schedules may apply if Eagle Point adopts new investment strategies or establishes additional Accounts in an existing strategy, or a prospective investor or client negotiates a different fee schedule.

Specific fee arrangements applicable to any Account are generally subject to negotiation in Eagle Point's sole discretion and the Private Fund or the General Partner may waive or reduce management fees and/or incentive allocations, in its discretion, based on the nature of the strategy and services to be provided by Eagle Point, total market value invested with Eagle Point, regulatory and reporting requirements, requested customization, and any other relevant factors, including employment or familial relationships with Eagle Point, its affiliates or the principals thereof. Thus, different Accounts, and different investors in the same Private Fund, may pay different fees based on, among other things, waivers and investment dates.

### ***Fees***

Eagle Point does not maintain a fixed fee schedule for client Accounts. Generally, an Account may pay a management fee of up to 2.25% (on an annualized basis) based on a percentage of either the net asset value of an Account, the gross asset value of an Account, the capital committed by a client to an Account, or such other reference amount as negotiated with a client. The management fee is generally payable on a quarterly basis and may be deducted from an Account or otherwise billed to a client as set forth in the applicable investment advisory agreement. Management fees may be payable in advance or arrears and, if paid in advance, shall be subject to a pro rata refund if an Account is closed prior to the expiration of the relevant calendar quarter (or other applicable period) based on the number of days remaining in such period.

In addition, certain Accounts, including the Private Funds and the Registered Fund, are assessed an incentive allocation or fee of up to 20% of all net profits or income allocable to the Account during a particular performance period, which may be quarterly or annually. Such incentive allocation or fee, in the case of the Private Funds, is subject to preferred returns and loss recovery accounts. Specifically, the management fee and incentive allocation applicable to an investment in a Private Fund are set forth in the applicable Governing Documents. Management fees and incentive fees are subject to negotiation with the client and, in the case of Private Funds, investors.

### ***Other Expenses***

Each Private Fund that is a feeder fund bears, indirectly, its pro rata share of legal and other expenses incurred in the formation of the master fund and each other feeder fund that invests in the same master fund, and the offering of interests in each. In addition, each Account pays certain other fees, expenses and costs (in addition to the Firm's management fee and incentive fee or allocation). Such fees, expenses and costs typically include, but are not limited to: fees, costs and expenses related to the purchase, holding and disposition of assets (to the extent not reimbursed); costs and expenses related to indebtedness incurred by the Accounts; fees, costs and expenses related to loan accumulation facilities or other financing vehicles and CLOs, to the extent that an Account has a direct or indirect equity interest therein; taxes, fees or other governmental charges levied against an Account; investment-related expenses; auditing and tax preparation expenses; custodial expenses; brokerage commissions or fees; professional fees; fees and expenses of accountants and counsel; costs of insurance; litigation and indemnity expenses; costs of dissolving and winding up; other extraordinary expenses; in the case of the Private Funds, such other costs as set forth in the Private Funds' Governing Documents; and, in the case of the Registered Fund, such other costs as set forth in the Registered Funds' Prospectus.

## ***Valuation***

Eagle Point is compensated, and in the case of the Private Funds, the General Partner receives incentive allocations, based on the market value and/or performance of the Accounts. As a result, to the extent that Eagle Point and/or a General Partner values a security higher than its current market value (or where such market values are unreliable), Eagle Point and/or the General Partner may benefit by receiving a management fee or incentive allocation that is increased by the impact, if any, of such valuation discrepancy. Additionally, where an investor purchases or redeems interests in a Private Fund at a NAV that is impacted by a discrepancy in valuation, such investor may receive a greater or lesser interest in (or increased or decreased redemption proceeds from) such Private Fund than would have been the case absent the discrepancy. Similarly, existing and continuing investors may be subject to dilution or accretion.

The assets in which Accounts managed by Eagle Point invest may, at any time or from time to time, be illiquid, thinly traded or otherwise difficult to value. In this respect, investments in CLOs may be more difficult to value than investments in other types of securities, such as publicly traded and listed securities. For example, while there are available market prices for certain investments held by the Accounts, the market for CLO equity securities is generally not transparent and quotes received from multiple dealers may have large spreads, thereby decreasing the reliability of such quotations. Quotations may also be indicative rather than representing an actual bid or offer. In addition, investments in other types of CLO-related investments present similar issues. Eagle Point uses a variety of fair value techniques or methodologies in order to value such investments, including investments maintained in side pockets, to assure that assets are valued in good faith and as accurately as is reasonably practicable. When determining the fair value to be assigned to an investment, Eagle Point seeks to determine, in good faith, the price that the Account might reasonably expect to receive from the current sale of that investment in an arm's-length transaction, considering such factors as the nature and type of asset, the marketplace in which the asset trades, the pricing and trading history, if any, of the asset and of similar assets and issuers and the use of valuations based on net assets or discounted cash flows. In particular, valuations of some or all of the Accounts' investments may require input from Eagle Point and/or other third parties. Valuations requiring input from Eagle Point or other third parties may be based on subjective inputs of Eagle Point or such third parties.

In some cases, valuation of certain investments may be based upon third party or proprietary valuation models, indicative quotes or estimates of value and not actual executed historical trades. Eagle Point will use reasonable efforts to base such inputs on observable market prices and inputs but there can be no assurances that such information will be readily available. The models, information and/or underlying assumptions utilized in such cases will not always allow Eagle Point to correctly capture the fair value of an asset. Fair value or manual pricing is intended to yield a good faith approximation of the value of an asset and cannot, ex ante, be guaranteed to have reflected the actual or empirical value of any asset, as might be determined with the benefit of hindsight (particularly in periods of market distress) as fair value price adjustments may prove incorrect as to direction and magnitude.

## ***Special or Additional Fee Arrangements***

In the event that Eagle Point establishes different or additional strategies, offers new Private Funds in an existing strategy, or additional registered investment companies, or otherwise negotiates fees with separate account clients, new fee schedules may be established which may or may not be based on the general fee structures set forth above, as circumstances warrant, or which may be open to negotiation without a stated fee schedule.



## **Item 6. Performance-Based Fees**

Performance-based fees and incentive allocations are described in the investment advisory agreement applicable to each Account that is subject to such fees and allocations, and are also described in the applicable Governing Documents. See also “*Item 5 – Fees and Compensation*” above. Eagle Point’s receipt of incentive allocations and performance-based fees raises certain conflicts of interest, which are described below.

### ***Investment Selection***

Incentive allocations and other arrangements where the incentive to achieve gains may exceed the disincentive to suffer losses may cause Eagle Point to choose investments that are riskier or more speculative than might otherwise have been chosen, or than would otherwise be prudent, in an effort to generate higher performance-based compensation.

### ***Valuation***

In addition to the discussion of valuation above in “*Item 5 – Fees and Compensation*”, investors in a Private Fund should note that under the applicable incentive allocation and performance-based fee arrangements, Eagle Point may under certain circumstances receive an incentive allocation that is attributable in part to unrealized appreciation of the securities held in an Account’s portfolio. This may create an incentive for Eagle Point to adopt higher valuations in respect of such securities. In addition, there is no provision for adjustment or refund of incentive allocations charged on the basis of unrealized appreciation should incentive allocations with such unrealized appreciation taken into account not match the appreciation ultimately realized.

### ***Side-by-Side Management***

From time to time, certain Accounts managed by Eagle Point may not be subject to an incentive allocation. In addition, some Accounts that are subject to an incentive allocation may be subject to the operation of loss recovery accounts (i.e., a high water mark). Therefore, to the extent Eagle Point manages multiple Accounts with different high water marks or levels of incentive fees, or manages Accounts that are not subject to an incentive allocation, Eagle Point may have the incentive to favor Accounts that are subject to an incentive allocation (or a higher incentive allocation) and that are above their respective high water marks (and therefore required to pay incentive allocations) over those Accounts that are not subject to an incentive allocation or that are below their respective high water marks (and therefore are not required to pay incentive allocations until such Accounts return to their applicable high water marks). This conflict is most apparent where two Accounts follow the same, or a similar, investment strategy.

Further, Eagle Point, its affiliates and their personnel may have differing investment or pecuniary interests in various Accounts, particularly where Eagle Point or an affiliate holds a significant investment in an Account. Eagle Point faces a potential conflict of interest when (i) the actions taken on behalf of one Account may impact other similar or different Accounts (e.g., because such Accounts have the same or similar investment strategies or otherwise compete for investment opportunities, have potentially conflicting investment strategies or investments, or have differing ability to engage in short sales and economically similar transactions) and (ii) Eagle Point and its personnel have differential interests in such Accounts (i.e., expose Eagle Point or its related persons to differing potential for gain or loss through differential ownership interests) because Eagle Point may have an incentive to favor certain Accounts over others that may be less lucrative. Such conflicts may present

particular concern when, for example, Eagle Point places or allocates the results of transactions that Eagle Point believes could more likely result in favorable performance or engages in cross trades. Additional information on such conflicts of interest is included in “*Item 10 – Other Financial Industry Activities and Affiliations*” and “*Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*” below.

To mitigate the conflicts discussed in this Item 6, Eagle Point’s policies and procedures seek to provide that investment decisions are made in accordance with the fiduciary duties owed to such Accounts and without consideration of Eagle Point’s (or such personnel’s) pecuniary, investment or other financial interests, and in accordance with applicable law. Additionally, Eagle Point has adopted valuation policies as described in Item 5 above.

#### **Item 7.           Types of Clients**

As discussed in “Item 4 – Advisory Business”, Eagle Point currently provides discretionary investment management services to the Accounts which includes a registered investment company. The terms and conditions of the Accounts may vary depending on the type of services provided or the type of client, and these terms and conditions may also vary from client to client. Furthermore, the Private Funds generally impose a minimum initial investment of \$5,000,000 for investors. In certain circumstances, such investment minimums may be reduced by the General Partner in its sole discretion.

The Private Funds are currently structured such that three feeder funds ("Feeder Funds") invest in a single master fund ("Master Fund"). The three feeder funds are separately organized for (i) U.S. tax-exempt investors and non-US investors (“Non-US Feeder”), (ii) for taxable U.S. investors (“US Feeder”) and (iii) certain co-investors (the “Co-Invest Feeder”). Because each of the Private Funds is exempt from registration under the Investment Company Act pursuant to Section 3(c)(7) thereof, interests in the Funds are restricted to certain investors. Specifically, investors who are eligible to invest in the Master Fund include the Feeder Funds, the General Partner and Eagle Point. Investors who are eligible to invest in the Non-US Feeder must be (i) persons who are not “U.S. persons” as defined in Regulation S under the Securities Act of 1933, as amended (“Securities Act”), who are also “Non-United States Persons” as defined in Commodity Futures Trading Commission Rule 4.7, and (ii) tax-exempt U.S. persons who are both accredited investors (as defined in Regulation D under the Securities Act) and qualified purchasers or knowledgeable employees of the Firm (each as defined under the Investment Company Act). Investors who are eligible to invest in the US Feeder and the Co-Invest Feeder must be both accredited investors and qualified purchasers (or knowledgeable employees). Separately managed accounts are generally managed on behalf of institutional investors or high net worth individuals.

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

Below is a general summary of the Accounts’ investment strategies, methods of analysis and material risks. In the case of a Private Fund, more information on each of the above items can be found in the Private Fund’s Governing Documents. In the case of the Registered Fund, more information on each of the above items can be found in the Prospectus. The information contained in this Brochure is only a summary, and it is qualified entirely by the relevant Governing Documents.

##### ***Methods of Analysis and Investment Strategies***

As noted above, Eagle Point primarily provides investment advisory services to Accounts with respect to investments in CLO securities and related investments consistent with each Account’s investment

objectives including, among other types of investments, loan accumulation facilities. Accounts managed by Eagle Point primarily seek current income and secondarily seek capital appreciation through investments in CLO securities and related investments. For the Accounts, Eagle Point primarily intends to acquire CLO securities. In connection with the acquisition of newly issued CLO equity tranches, certain Accounts may from time to time receive fee rebates from the CLO issuer. Investments may be made directly or indirectly by investing through one or more subsidiaries or affiliated entities. Accounts may also invest in derivative financial instruments and may use leverage in connection with its investment strategy, subject to certain limitations as described in the Governing Documents.

Eagle Point utilizes a variety of methods to proactively source and analyze investments, including leveraging its management team's industry experience and utilizing third party and proprietary quantitatively-based financial and analytical models to aid in the selection and monitoring of investments and to determine the risk profile of an Account. While Eagle Point's investment team is responsible for identifying investment opportunities for an Account in accordance with an Account's stated investment objectives and strategies, investments are reviewed by the Investment Committee or its delegate as described in "*Item 13 – Review of Accounts*".

### ***Risk of Loss***

While Eagle Point seeks to manage Accounts so that risks are appropriate to the return potential for the strategy employed by the Account, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. Investors and clients should also be aware that investment strategies may be limited to certain types of securities and may not be diversified. Investors and clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses, including through diversification. An Account managed by Eagle Point is not intended to provide a complete investment program and Eagle Point expects that assets invested in an Account it manages do not represent all of a client's or investor's assets. Investors and clients are responsible for appropriately diversifying their assets to guard against the risk of loss. An Account's investment strategies may present a high degree of risk that investors should be prepared to bear.

More detailed information regarding strategy and risks is included in the relevant Governing Documents. Investing should not rely on the summary herein. Set forth below is a summary of the material risks applicable to the investment strategies described above.

### **General and Investment Risks**

Each Account is subject to certain general risks such as operational risk, portfolio turnover risk, regulatory risk, economic and market risk among others. In addition to these general risks, the investments made by an Account are subject to certain investment-related risks as described below.

### ***Risk of Dependence on Managers of CLOs***

An Account will rely on CLO collateral managers to administer and review the portfolios of collateral they manage. The actions of the CLO collateral managers may significantly affect the return on an Account's investments. The ability of each CLO collateral manager to identify and report on issues affecting its securitization portfolio on a timely basis could also affect the return on an Account's investments, as an Account may not be provided with information on a timely basis in order to take appropriate measures to manage an Account's risks. An Account will also rely on CLO collateral managers to act in the best interests of the CLOs. If any CLO collateral manager were to act in a manner

that was not in the best interest of the CLOs (e.g., gross negligence, with reckless disregard or in bad faith), this could adversely impact the overall performance of an Account's investments.

In addition, CLOs in which an Account intends to invest are generally not registered as investment companies under the Investment Company Act of 1940. As a result, investors in these CLOs are not afforded the protections that shareholders in an investment company registered under the Investment Company Act of 1940 would have.

### ***Interest Rate Risk***

The fair value of certain of an Account's investments may be significantly affected by changes in interest rates. Although senior secured loans are generally floating rate instruments, an Account's investments in senior secured loans through CLOs are sensitive to interest rate levels and volatility. Although CLOs are generally structured to mitigate the risk of interest rate mismatch, there may be some difference between the timing of interest rate resets on the assets and liabilities of a CLO, which could have a negative effect on the amount of funds distributed to CLO equity investors. In addition, CLOs may not be able to enter into hedge agreements, even if it may otherwise be in the best interests of the CLO to hedge such interest rate risk.

Furthermore, in the event of a significant rising interest rate environment and/or economic downturn, loan defaults may increase and result in credit losses that may adversely affect the cash flows from investments held in an account, fair value of an Account's assets and operating results. In the event that the interest expense within CLOs held in an Account was to increase relative to income, an Account's return on investments and cash available for distribution would be reduced. In addition, future investments in different types of instruments may carry a greater exposure to interest rate risk.

### ***LIBOR Floor Risk***

An increase in LIBOR will increase the financing costs of CLOs. Since many of the senior secured loans within these CLOs have LIBOR floors, there may not be corresponding increases in investment income (if LIBOR increases but stays below the average LIBOR floor rate of such senior secured loans) resulting in smaller distribution payments to the equity investors in these CLOs and reduced interest coverage for CLO debt securities.

### ***LIBOR Risk***

The CLOs in which an Account invests typically obtain financing at a floating rate based on LIBOR. Regulators and law-enforcement agencies from a number of governments, including entities in the United States, Japan, Canada and the United Kingdom, have conducted or are conducting civil and criminal investigations into whether the banks that contribute to the British Bankers' Association, or the "BBA," in connection with the calculation of daily LIBOR may have been under-reporting or otherwise manipulating or attempting to manipulate LIBOR. Several financial institutions have reached settlements with the CFTC, the U.S. Department of Justice Fraud Section and the United Kingdom Financial Services Authority in connection with investigations by such authorities into submissions made by such financial institutions to the bodies that set LIBOR and other interbank offered rates. In such settlements, such financial institutions admitted to submitting rates to the BBA that were lower than the actual rates at which such financial institutions could borrow funds from other banks. Additional investigations remain ongoing with respect to other major banks. There can be no assurance that there will not be additional admissions or findings of rate-setting manipulation or that manipulations of LIBOR or other similar interbank offered rates will not be shown to have occurred. On July 9, 2013, it was announced that NYSE Euronext Rate Administration Limited would take over

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

### ***Historically Low Interest Rate Environment***

As of March 2015, interest rates in the United States are at, or near, historic lows, which may increase an Account's exposure to risks associated with rising interest rates. Moreover, interest rate levels are currently impacted by extraordinary monetary policy initiatives, the effect of which is impossible to predict with certainty.

### ***Credit Risk***

If an underlying asset of any such CLO or any other type of credit investment in an Account's portfolio declines in price or fails to pay interest or principal when due because the issuer or debtor, as the case may be, experiences a deterioration in its financial results an Account's income and / or NAV may be adversely impacted. Non-payment would result in a reduction of an Account's income, a reduction in the value of the applicable CLO security, and potentially, a decrease in an Account's NAV. With respect to an Account's investments in CLO securities and credit investments that are secured, there can be no assurance that liquidation of collateral would satisfy the issuer's obligation in the event of non-payment of a scheduled dividend, interest or principal or that such collateral could be readily liquidated. In the event of bankruptcy of an issuer, an Account could experience delays or limitations with respect to its ability to realize the benefits of any collateral securing a CLO security or credit investment. To the extent that the credit rating assigned to a security in an Account's portfolio is downgraded, the market price and liquidity of such security may be adversely affected. In addition, if a CLO in which an Account invest triggers an event of default as a result of failing to make payments when due or for other reasons, the CLO would be subject to the possibility of liquidation, which could result in full loss of value to the CLO equity and junior debt investors. CLO equity tranches are the most likely tranche to suffer a loss of all of their value in these circumstances.

### ***Prepayment Risk***

Although the Adviser's valuations and projections take into account certain expected levels of prepayments, the collateral of a CLO may be prepaid more quickly than expected. Prepayment rates are influenced by changes in interest rates and spreads, and a variety of factors beyond an Account's control and consequently cannot be accurately predicted. Early prepayments give rise to increased reinvestment risk, as an Account or a CLO collateral manager might realize excess cash from prepayments earlier than expected. If an Account or a CLO collateral manager is unable to reinvest such cash in a new investment with an expected rate of return at least equal to that of the investment repaid, this may reduce an Account's net income and the fair value of that asset.

### ***Reinvestment Risk***

As part of the ordinary management of its portfolio, a CLO will typically generate cash from asset repayments and sales and reinvest those proceeds in substitute assets, subject to compliance with its investment tests and certain other conditions. The earnings with respect to such substitute assets will depend on the quality of reinvestment opportunities available at the time. The need to satisfy the CLO's covenants and identify acceptable assets may require the CLO collateral manager to purchase substitute assets at a lower yield than those initially acquired or require that the sale or repayment proceeds be maintained temporarily in cash, either of which may reduce the yield that the CLO collateral manager is able to achieve. The investment tests may incentivize a CLO collateral manager to buy riskier assets than it otherwise would, which could result in additional losses. Either of the foregoing could reduce an Account's return on investment and may have a negative effect on the fair value of an Account's assets and, in the case of the Registered Fund, the market value of its Common Shares. In addition, the reinvestment period for a CLO may terminate early, which may cause the holders of the CLO's securities to receive principal payments earlier than anticipated. There can be no assurance that an Account will be able to reinvest such amounts in an alternative investment that provides a comparable return relative to the credit risk assumed.

### ***Leverage Risk***

An Account may incur, directly or indirectly, through one or more special purpose vehicles, indebtedness for borrowed money, as well as leverage in the form of derivative transactions, preferred stock and other structures and instruments, in significant amounts and on terms that the firm and an Account's Investment Committee deem appropriate, subject to applicable limitations under the 1940 Act. Any such borrowings do not include embedded or inherent leverage in CLO structures in which an Account intends to invest or in derivative instruments in which an Account may invest. Such leverage may be used for the acquisition and financing of an Account's investments, to pay fees and expenses and for other purposes. Such leverage may be secured and/or unsecured and senior and/or subordinated. Moreover, CLOs by their very nature are leveraged vehicles. Accordingly, there may be a layering of leverage in an Account's overall structure.

The more leverage is employed, the more likely a substantial change will occur in an Account's NAV. Accordingly, any event that adversely affects the value of an investment would be magnified to the extent leverage is utilized. For instance, any decrease in an Account's income would cause net income to decline more sharply than it would have had an Account not borrowed. Such a decline could also negatively affect an Account's ability to make dividend payments on an Account's Common Shares. Leverage is generally considered a speculative investment technique. An Account's ability to service any debt that an Account incurs will depend largely on an Account's financial performance and will be subject to prevailing economic conditions and competitive pressures. The cumulative effect of leverage with respect to any investments in a market that moves adversely to such investments could result in a substantial loss that would be greater than if an Account's investments were not leveraged.

In addition, any debt facility into which an Account may enter would likely impose financial and operating covenants that restrict an Account's business activities, including limitations that could hinder an Account's ability to finance additional loans and investments or in the case of the Registered Fund to make the distributions required to maintain an Account's status as a Registered Investment Company under Subchapter M of the Internal Revenue Code.

### ***Highly Subordinated and Leveraged Securities Risk***

An Account's portfolio will include equity and junior debt investments in CLOs, which involve a number of significant risks. CLOs are typically very highly levered (9 – 13 times). Therefore, the junior debt and equity tranches in which an Account are currently invested, and in which an Account intends to invest, are subject to a higher degree of risk of total loss. In particular, investors in CLO securities indirectly bear risks of the collateral held by such CLOs. An Account will generally have the right to receive payments only from the CLOs, and will generally not have direct rights against the underlying borrowers or the entity that sponsored the CLO. While CLOs generally enable the investor to acquire interests in a pool of senior secured loans without the expenses associated with directly holding the same investments, an Account will generally pay a proportionate share of the CLOs' administrative, management and other expenses. In addition, an Account may have the option in certain CLOs to contribute additional amounts to the CLO issuer for purposes of acquiring additional assets or curing coverage tests, thereby increasing an Account's overall exposure and capital at risk to such CLO. Although it is difficult to predict whether the prices of assets underlying a CLO will rise or fall, these prices (and, therefore, the prices of the CLO securities) will be influenced by the same types of political and economic events that affect issuers of securities and capital markets generally. The interests an Account intends to acquire in CLOs will likely be thinly traded or have only a limited trading market. CLO securities are typically privately offered and sold, even in the secondary market. As a result, investments in CLO securities may be characterized as illiquid securities.

### ***High-Yield (or "Junk") and Lower-Rated Investments Risk***

An Account intends to invest primarily in securities rated below investment grade or not rated by a national securities rating service. The primary assets underlying an Account's CLO security and related investments are senior secured loans, which may allow for limited exposure to other asset classes including unsecured loans, high yield bonds, emerging market loans or bonds and structured finance securities with underlying exposure to collateralized debt obligations ("CDO") tranches, residential mortgage backed securities, commercial mortgage backed securities, trust preferred securities and other types of securitizations. CLOs generally invest in lower-rated debt securities, typically rated below Baa/BBB by Moody's, S&P or Fitch. In addition, an Account may obtain direct exposure to such financial assets/instruments. Securities rated lower than Baa by Moody's or lower than BBB by S&P or Fitch are sometimes referred to as "high yield" or "junk." High-yield debt securities will have greater credit and liquidity risk than investment grade obligations. High-yield debt securities are generally unsecured and may be subordinated to certain other obligations of the issuer. The lower rating of high-yield debt securities and below investment grade loans reflect a greater possibility adverse changes in the financial condition of an issuer, and/or general economic conditions, may impair the ability of the issuer to make payments of principal or interest.

### ***Liquidity Risk***

High-yield investments, including collateral held by CLOs into which an Account invests, generally have limited liquidity. As a result, prices of high-yield investments have at times experienced significant and rapid decline when a substantial number of holders (or a few holders of a significantly large "block" of the securities) decided to sell. In addition, an Account (or the CLOs in which an Account invests) may have difficulty disposing of certain high-yield investments because there may be a thin trading market for such securities. To the extent a secondary trading market for non-investment grade high-yield investments does exist, it would not be as liquid as the secondary market for highly rated investments. Reduced secondary market liquidity would have an adverse impact on an Account's direct or indirect ability to dispose of particular securities in response to a specific economic event such as deterioration in the creditworthiness of the issuer of such securities.

As secondary market trading volumes increase, new loans frequently contain standardized documentation to facilitate loan trading which may improve market liquidity. There can be no assurance, however, future levels of supply and demand in loan trading will provide an adequate degree of liquidity or the current level of liquidity will continue. Due to the confidentiality related to the borrower, private syndication and customized nature of the loan agreement, loans are not purchased or sold as easily as publicly traded securities. Although a secondary market may exist, risks similar to those described above in connection with an investment in high-yield debt investments are also applicable to investments in lower rated loans.

The securities issued by CLOs generally offer less liquidity than other investment grade or high-yield corporate debt and are subject to certain transfer restrictions which impose financial and other eligibility requirements on prospective transferees. Other investments an Account may purchase in privately negotiated transactions may also be illiquid or subject to legal restrictions on their transfer. As a result of this illiquidity, an Account's ability to sell certain investments quickly, or at all, in response to changes in economic conditions and to receive a fair price when selling such investments may be limited, which could prevent an Account from making sales to mitigate losses on such investments. In addition, CLOs are subject to the possibility of liquidation upon an event of default, which could result in a full loss of value to the CLO equity and junior debt investors. CLO equity tranches are the most likely tranche to suffer a loss of all their value in these circumstances.

### ***Counterparty Risk***

An Account may be exposed to counterparty risk. An Account may hold investments (including synthetic securities) that would expose them to credit risk of an Account's counterparties or the counterparties of the CLOs in which it invests. In the event of a bankruptcy or insolvency of such a counterparty, an Account or a CLO in which such an investment is held could suffer significant losses.

### ***Risks of Loan Accumulation Facilities***

An Account may invest capital in loan accumulation facilities to acquire loans on an interim basis which are expected to form part of a future CLO portfolio. Investments in loan accumulation facilities have risks similar to those applicable to investments in CLOs. Typically, there will be no assurance future CLOs will be consummated or the loans held in such facilities are eligible for purchase by the CLO. Furthermore, an Account likely will have limited or no consent rights in respect to the loans acquired in such a facility. If a planned CLO is not consummated or the loans are not eligible for purchase by the CLO, an Account may be responsible for either holding or disposing of the loans. This could expose an Account to credit and/or mark-to-market losses. Leverage is typically utilized in such a facility and as such the potential risk of loss will be increased.

### ***Bankruptcy Risk***

In the event of a bankruptcy, insolvency of an issuer or borrower of a loan an Account holds or an insolvency of an underlying asset held by a CLO or other vehicle into which an Account invests, a court or other governmental entity may determine an Account's claim or those of the relevant CLO are not valid or not entitled to the treatment an Account expected when making the initial investment decision.

### ***Hedging Risks; Derivative Transactions Risk***

An Account may purchase and sell a variety of derivative instruments, including exchange-listed and over-the-counter options, futures, swaps and similar instruments, as well as engage in various interest rate transactions. An Account also may purchase and sell derivative instruments, combining various



features of derivative transactions. An Account intends to use derivative instruments primarily for hedging and risk management purposes. An Account may use derivative transactions for investment purposes to the extent it is consistent with the Account's investment objectives. When investing in derivative transactions, Eagle Point expects to manage an Account's risk exposure to interest rates, credit spreads and corporate credit events. Derivative transactions may be volatile and involve various risks different from, and in certain cases, greater than the risks presented by more traditional instruments. The risks related to derivative transactions include, among other things, imperfect correlation between the value of such instruments and the underlying assets, possible default of the other party to the transaction, illiquidity, leverage, market risk and regulatory risk. A small investment in derivatives could have a large potential impact on an Account's performance, effecting a form of investment leverage on an Account's portfolio. In certain types of derivative transactions, an Account could lose the entire amount of their investment. In other types of derivative transactions, such as a short position, the potential loss is theoretically unlimited.

Derivative transactions are also subject to counterparty risk (the risk that a counterparty in a derivative transaction will be unable to honor its financial obligation to an Account, or the risk that the reference entity in a credit default swap or similar derivative will not be able to honor its financial obligations), market risk (the general risk that the value of a particular investment will change in a way detrimental to an Account's interests), management risk (the risk the firm may not maintain adequate controls, not have the ability to assess the risk that a derivative adds to an Account's portfolio or forecast price or interest rate movements incorrectly), correlation risk (the risk that an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent an Account from achieving the intended hedging effect or expose an Account to the risk of loss), liquidity risk, leverage risk, volatility risk and OTC risk (The ability to dispose of or enter into a closing transactions with respect to such an instrument may be less than in the case of an exchange traded instrument).

### ***Risks of Non-U.S. Investing***

While an Account intends to invest primarily in CLOs that hold underlying U.S. assets, these CLOs are typically organized outside the United States. An Account may also invest in CLOs that hold collateral consisting of non-U.S. assets. Investing in foreign entities may expose an Account to additional risks not typically associated with investing in U.S. issuers. These risks include changes in regulation, political and social instability, investment restrictions, expropriation, imposition of foreign taxes, illiquid markets, lack of information, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards, currency fluctuations and greater price volatility. Furthermore, Eagle Point, and the CLOs in which an Account invests, may have difficulty enforcing creditor rights in foreign jurisdictions.

### ***Currency Risk***

Any of an Account's investments that are denominated in currencies other than U.S. dollars will be subject to the risk that the value of such currency will decrease in relation to the U.S. dollar. Although an Account will consider hedging any non-U.S. dollar exposures, an increase in the value of the U.S. dollar compared to other currencies in which an Account make investments would otherwise reduce the effect of increases and magnify the effect of decreases in the value of an Account's non-U.S. dollar denominated investments. Fluctuations in currency exchange rates will similarly affect the U.S. dollar equivalent of any interest, dividends or other payments that are denominated in a currency other than U.S. dollars.

### ***Diversification and Concentration Risk***

The current investment strategy of an Account is focused on certain types of transactions. Although Eagle Point will regularly monitor the concentration of an Account's investment portfolio and its exposure to any given asset manager, concentrations of exposure may arise in the portfolio. The risk that payments on an Account's investments could be adversely affected to a significant degree by defaults on debt obligations will increase to the extent that investments are concentrated in a particular CLO, industry, jurisdiction, region, asset class or asset manager.

#### **Item 9. Disciplinary Information**

Not applicable.

#### **Item 10. Other Financial Industry Activities and Affiliations**

##### ***Other Financial Industry Affiliations***

Eagle Point is affiliated with other entities engaged in the financial services business. In particular, Eagle Point is affiliated with Stone Point Capital ("SPC") (IARD# 156521), and certain members of Eagle Point's Board of Directors and Investment Committee are principals of SPC. Pursuant to certain management agreements, SPC has received delegated authority to act as the investment manager of the Trident V Funds. The Trident V Funds are indirect limited partners in the Private Fund and hold common stock of the Registered Fund. The Trident V Funds also hold a controlling interest in Eagle Point. The Trident V Funds and other private equity funds managed by SPC invest in financial services companies. In addition, the General Partner is affiliated with Eagle Point by common ownership.

These relationships may cause Eagle Point or certain of its affiliates' interests to diverge from the interests of an Account or the investors in a Fund. In addition, Eagle Point's executive officers and directors, may serve as officers, directors or principals of other entities that operate in the same or a related line of business as Eagle Point. Accordingly, they may have obligations to investors in those entities. The fulfillment of which obligations may not be in the best interest of Eagle Point or Eagle Point clients. Should conflicts of interest arise in the future in the context of these relationships (such as those described below), the Chief Compliance Officer and senior management of Eagle Point will address them in accordance with the Code of Ethics described in further detail in "*Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*" below.

##### ***Investment Opportunities***

Eagle Point is responsible for the investment decisions made on behalf of the Accounts. There are no restrictions on the ability of Eagle Point and certain of its affiliates (including SPC) to manage accounts for multiple clients, including accounts for affiliates of Eagle Point or their directors, officers or employees, following the same, similar or different investment objectives, philosophies and strategies as those used for the Accounts. In these situations, Eagle Point and its affiliates may have conflicts of interest in allocating investment opportunities between the Accounts and any other account managed by such person. Such conflicts of interest would be expected to be heightened to the extent Eagle Point manages an Account for an affiliate or its directors, officers or employees. Additionally, Accounts managed by Eagle Point or certain of its affiliates may hold certain investments in CLOs, such as debt tranches, which conflict with the positions held by other Accounts in such CLOs. In such cases, when exercising the rights of each Account with respect to such investments, Eagle Point and/or its affiliate will have a conflict of interest as actions on behalf of one Account may have an adverse effect on another Account managed by Eagle Point or such affiliate. In addition, SPC and

its affiliates, and the investment funds managed by SPC and such affiliates, may also invest in companies competing with Eagle Point, which may manage other accounts and funds competing for investment opportunities with the Accounts.

### ***Firm-Related Investments***

From time to time an Account may acquire investments (i) Eagle Point and/or an affiliate originated or structured, (ii) from a related issuer from which Eagle Point or an affiliate, as applicable, received compensation, (iii) into which Eagle Point, its affiliates, or its personnel have a pecuniary interest, or (iv) otherwise involving the participation of Eagle Point or an affiliate.

Portfolio companies of investment funds managed by SPC and other affiliates of SPC may engage in lending activities, which could result in the Accounts investing in CLOs including loans underwritten by, or issued by, such a portfolio company or affiliate and which have personnel of SPC who serve on its board or who have a significant ownership stake in the CLO. Similarly, the Accounts may invest in CLOs which include within their portfolios debt obligations of portfolio companies owned in part by such investment funds or other affiliates of SPC. In addition, portfolio companies of such investment funds engage in a wide range of businesses. Such entities may engage in other activities now or in the future, creating a conflict of interest for Eagle Point with respect to its management of the Accounts. Any of these potential transactions and activities may result in Eagle Point having a conflict of interest which may not be resolved in a manner that is always or exclusively in the best interest of the Accounts or, in the case of the Funds, the Funds' investors.

### ***Personnel***

Certain persons, including persons on Eagle Point's Investment Committee (as described in "*Item 13 – Review of Accounts*" below) with the power to exercise direct or indirect controlling influence over Eagle Point's management and/or policies or to determine the general investment advice that Eagle Point provides ("**Management Persons**"), hold direct and indirect personal investments in various companies, including certain investment advisers. In addition, they may serve on Board of Directors, Investment Committees and Advisory Boards for certain investment advisers and other financial institutions. In particular, certain Management Persons are members of management and/or employees of SPC. This may result in conflicts of interest that may not be foreseen or resolved in a manner that is always or exclusively in the best interest of the Accounts or, in the case of the Funds, the Funds' investors.

To mitigate the conflicts discussed in this Item 10, Eagle Point's policies and procedures generally provide that Eagle Point will seek to make investment decisions in accordance with the fiduciary duties owed to the Accounts and without consideration of Eagle Point, its affiliates' or the Management Persons' pecuniary investment or other financial interests.

## **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### ***Code of Ethics***

Eagle Point has adopted a Code of Ethics (the "**Code**") designed to meet the requirements of Rule 204A-1 of the Advisers Act and to ensure Eagle Point fulfills its role as a fiduciary to the Accounts.

The Code requires Eagle Point employees to act in the best interests of Eagle Point and the Accounts. In addition, it requires personnel to act in good faith and ethical manner, avoid conflicts of interests with the Accounts to the extent reasonably possible and identify and manage conflicts of interest to the extent they arise.

Eagle Point employees are required to comply with the applicable provisions of federal securities law and make prompt reports to Eagle Point or another appropriate party of any actual or suspected violations of law by Eagle Point, its employees or affiliates. In addition, the Code sets forth formal policies and procedures with respect to personal securities trading of Eagle Point employees. For example, Eagle Point employees are prohibited from investing in securities into which the Accounts intend to invest, other than by investing in the Registered Fund and/or Feeder Fund(s). Additionally, the Code requires employees to pre-clear all personal securities transactions, report all securities transactions quarterly and provide a summary of security holdings on at least an annual basis.

In addition to the Code, Eagle Point's Compliance Manual addresses outside activities of employees, conflicts of interest, pre-clearing and reporting of political contributions, provisions relating to handling confidential information, restrictions on the acceptance of significant gifts and reporting certain gifts and business entertainment items. The Compliance Manual also includes prohibitions on insider trading, disseminating market rumors and anti-money laundering, among other matters.

All employees receive periodic training regarding Eagle Point's personal trading policies and related compliance matters. In addition, employees must confirm annually they have read, understood, and complied with the policies and procedures set forth in the Code and Compliance Manual.

Upon request, Eagle Point will provide a copy of the Code to the Accounts, Limited Partners in a Private Fund, investors in the Registered Fund or to prospective investors. Requests can be directed to Eagle Point's Chief Compliance Officer at the address on the front cover of the Brochure.

#### ***Participation or Interest in Client Transactions***

Eagle Point may affect principal transactions with respect to an Account, including where an Account may acquire securities from, or sell securities to, accounts primarily owned by Eagle Point or its affiliates. Eagle Point will provide disclosures to and obtain the consent and approval of the client or the client's designated representative in accordance with Section 206(3) of the Advisers Act for these principal transactions. Certain clients for whom Eagle Point manages accounts may also be invested in the Private Fund and/or the Registered Fund.

#### ***Material Non-Public Information***

Eagle Point may from time to time come into possession of material non-public information that limits its ability to effect a transaction for an Account. The Account's investments may be constrained as a consequence of Eagle Point's inability to use such information to effect transactions that otherwise may have been initiated on behalf of the Account. Eagle Point may refrain from directing the purchase or sale hereunder of CLOs issued by persons about whom Eagle Point has information that they determine might prohibit them from trading such CLOs in accordance with applicable law. In addition, Eagle Point may elect not to receive material non-public information with respect to various obligors. As a result, Eagle Point may not have access to information relating to obligors of CLOs that is or may be known to other persons who are investing in the same CLO. Further information about Eagle Point and its affiliates is provided in "*Item 10 – Other Financial Industry Activities and Affiliations*".

## **Item 12. Brokerage Practices**

Eagle Point and the Accounts primarily focus on making investments in securities that are offered and sold only through one broker-dealer at any given time. In some instances Eagle Point, in its capacity as majority equity holder, will be in a position to influence which broker-dealer is selected to offer and sell the interests in a newly-issued CLO. In these situations, Eagle Point will base its recommendation on a number of factors, including price (discount), loan accumulation facility terms and distribution capabilities. Where a purchase or sale is completed in the secondary market, broker-dealers are selected mostly as a function of who, in the case of a purchase, has inventory and is willing to transact at attractive prices or, in the case of sales, is willing to pay the best price for the security the Account(s) are looking to sell.

### ***Best Execution***

To the limited extent that Eagle Point transacts in public securities or other non-private investments, it intends to select brokers and counterparties based upon the broker's or counterparty's ability to provide best execution for an Account (i.e., the best net price considering all relevant factors). In this regard, Eagle Point will consider a variety of factors including, but not limited to, the broker-dealer's or counterparty's (i) ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of the order and difficulty of execution; (iii) financial strength, integrity and stability; (iv) competitiveness of commission rates in comparison with other broker-dealers; and (v) research products/services. Although Eagle Point generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or markup/markdown. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher compensation than would be the case for more routine services.

Eagle Point does not currently utilize formal soft dollar arrangements in connection with brokerage transactions; however, Eagle Point may, from time to time, have access to research provided by broker-dealers used for transactions. Eagle Point does not separately compensate such broker-dealers for the research. To the extent Eagle Point has access to broker research, Eagle Point does so in a manner consistent with the safe harbor under Section 28(e) of the Securities Exchange Act of 1934. While Eagle Point believes that it does not "pay up" for broker-dealer services in connection with such research, because brokers generally will not separately disclose their costs in providing such research, clients should be aware that more favorable pricing may be available from a different broker-dealer who offers no research services and/or minimal securities transaction assistance. Because Eagle Point does not have to produce or incur the expense associated with the research received from a broker, an incentive may exist to select or favor a broker-dealer because of the research provided (which may constitute a soft dollar benefit). Such an incentive is inconsistent with client interests in receiving the most favorable execution of trades. Accordingly, at all times, Eagle Point's acceptance of soft dollar benefits (if any) in a particular transaction is made only after a good faith determination that the amount of commission or bid-ask spread in the transaction is fair and reasonable in relation to the value of the soft dollar brokerage and research services provided when viewed in the context of the particular transaction and Eagle Point's fiduciary duty.

Soft dollar benefits may be used in serving all Accounts. Thus certain Accounts that did not generate soft dollars may nevertheless share in the soft dollar benefits generated by other Accounts. Eagle Point expects that the research it acquires from brokers will include both proprietary research (research created or developed by the broker-dealer providing the research) and third party research (research developed or created by a third party) that aid in Eagle Point's investment decision making. Such

research may include information on the economy, industries and asset classes, statistical information and market data, pricing services, credit analysis and other information regarding matters that may affect the markets in which Eagle Point invests.

### ***Aggregation of Orders and Allocation of Investment Opportunities across Accounts***

If Eagle Point determines that the purchase or sale of the same asset is in the best interest of more than one Account, Eagle Point may, but is not obligated to, aggregate orders placed simultaneously in order to seek to obtain improved execution and reduce transaction costs to the extent permitted by law. In addition, Eagle Point may, from time to time, be presented with investment opportunities that fall within the investment objectives of one or more Accounts, and in such circumstances, Eagle Point expects to allocate such opportunities among such Accounts in accordance with Eagle Point's allocation policy and on a basis that Eagle Point determines in good faith is appropriate taking into consideration such factors as (i) the fiduciary duties owed to the Accounts, (ii) the primary and/or secondary mandates of the Accounts, (iii) the capital available to the Accounts on a trade date and settlement date basis, the size of each Account and the level to which an Account is already invested, (iv) any restrictions on investment applicable to an Account, (v) the sourcing of the transaction, (vi) the size of the transaction, (vii) the amount of potential follow-on investing that may be required for such investment and the assets held by an Account, (viii) the relation of such opportunity to the investment strategy of the Accounts, (ix) reasons of portfolio balance and re-balancing, (x) the perceived liquidity of an investment, and (xi) any other consideration deemed relevant by Eagle Point in good faith. An Account may also be prevented from being able to participate in all or a portion of an investment opportunity as a result of regulatory, tax or legal requirements. In allocating investment opportunities, Eagle Point may use rotational, percentage or other allocation methods provided that doing so is consistent with (i) Eagle Point's internal conflict of interest and allocation policies, (ii) the requirements of the Advisers Act, and (iii) any applicable orders issued by the SEC. Accordingly, Eagle Point will seek to allocate investment opportunities among such Accounts in a manner that is fair and equitable over time. However, there is no assurance that such investment opportunities will be allocated to an Account fairly or equitably in the short-term and there can be no assurance that an Account will be able to participate in any particular investment opportunities that are suitable for it.

### ***Cross Trades***

In certain circumstances, one or more Accounts managed by Eagle Point may seek to dispose of certain securities that may be desirable for other Accounts with available cash or liquidity (*e.g.*, where one Account experiences a redemption while another has inflows, available cash or positions that Eagle Point desires to sell), or vice versa. Where permissible, Eagle Point may, but shall not be obligated to, cause an Account to purchase or sell securities from or to, as the case may be, another Account in a "cross trade" consistent with Eagle Point's duty to seek best execution, its applicable policies and procedures reasonably designed to assure that all participating Accounts are treated fairly and that an appropriate price is assigned to the crossed security, and all applicable laws and regulations. Participating Accounts may pay full, reduced or no commissions in connection with a cross trade (though, in no case, will such commissions be paid to Eagle Point or an Eagle Point affiliate). Cross trades may reduce execution related costs and/or improve execution quality for participating Accounts. In the event that an Eagle Point proprietary account participates in a cross trade with another Account, Eagle Point will seek appropriate consent in accordance with Section 206(3) of the Advisers Act as described in "*Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*".

Additionally, one or more Accounts managed by Eagle Point may engage in certain cross trades, if deemed appropriate for such Accounts, in connection with the inception of a new Account. For

example, Eagle Point may independently determine that securities sought to be disposed of by one or more Accounts may be desirable for a new Account and, accordingly, such new Account may acquire such securities in a cross trade consistent with the parameters set forth above.

#### **Item 13. Review of Accounts**

Eagle Point currently discusses investment ideas, implements investment decisions and reviews existing investments through regular meetings of the members of its Investment Committee as well as its investment professionals.

The Investment Committee is comprised of a subset of Eagle Point's Board of Managers. Other than Mr. Majewski, the members of the Investment Committee are also currently members of the Investment Committee of the Trident V Funds. Eagle Point's Investment Committee has primary responsibility for reviewing investments and making decisions on whether to acquire or dispose of Account investments. The Investment Committee has delegated certain investment authority to senior members of Eagle Point's investment team.

Eagle Point holds periodic meetings of the Investment Committee, as needed, to review Account investments as well as prospective investment opportunities for the Accounts. These reviews are designed in part to monitor and analyze transactions, investment positions, investment levels, and overall portfolio risk. The Investment Committee also reviews global market conditions, risks and potential risks in the capital markets, and risk factors at the country, sector, industry, and/or entity level.

Limited partners of the Private Funds will receive regular reports, including annual audited financial statements and annual investment update letters and other Account holders will receive such information as is agreed upon between the applicable client and Eagle Point or required under the Investment Advisor or Investment Company Acts.

#### **Item 14. Client Referrals and Other Compensation**

No one other than the Accounts provides an economic benefit to Eagle Point for providing investment advice or other advisory services to the Accounts.

From time to time, Eagle Point and/or a Private Fund may compensate one or more placement agents for referrals of investors in the Feeder Funds or separately managed accounts. Such placement agents could be limited partners and/or may also seek to do business with, and earn fees or commissions from, Eagle Point and/or its affiliates.

#### **Item 15. Custody**

Other than with respect to certain privately offered securities for which Eagle Point relies on an exception from the qualified custodian requirement, all cash and securities for which Eagle Point is deemed to have custody are maintained with qualified custodians or otherwise in accordance with Rule 206(4)-2 of the Advisers Act (which includes U.S. registered broker-dealers) (the "**Custody Rule**"), or, in the case of the Registered Fund, the requirements of the Investment Company Act. Eagle Point has adopted policies and procedures to comply with the Custody Rule with respect to the Funds and separately managed accounts.

With respect to each Private Fund, Eagle Point will distribute independently audited financial statements of the Private Fund to its investors not later than 120 days after the end of the Private Funds' fiscal year (i.e., generally by April 30). An investor in a Private Fund should contact Eagle Point immediately if it does not receive audited financial statements on an annual basis as described herein.

With respect to the Registered Fund, Eagle Point will transmit independently audited financial statements of the Registered Fund to its investors not later than 60 day after the end of the Registered Fund's fiscal year end (i.e. generally by March 1). An investor in the Registered Fund may also access the annual report (which contains the independently audited financial statements) on the Registered Fund's website ([www.eaglepointcredit.com](http://www.eaglepointcredit.com)) or at [www.sec.gov](http://www.sec.gov).

Further, where Eagle Point manages client assets through a separately managed account, Eagle Point may be deemed to have "custody" of such accounts within the meaning of the Custody Rule due to Eagle Point having access to, or authority over, client funds and securities for purposes other than issuing trading instructions. If Eagle Point is deemed to have custody over a separately managed account, the applicable custodian will send the relevant client periodic account statements (generally on a quarterly basis) disclosing the amounts of any funds or securities in the account as of the end of the statement period and any transactions in the account during the statement period. These statements should be reviewed carefully. In such cases, a separate account client should contact Eagle Point immediately if it does not receive account statements from the custodian on at least a quarterly basis.

#### **Item 16. Investment Discretion**

Eagle Point accepts discretionary authority to manage securities accounts on behalf of Accounts through an investment advisory agreement with each applicable Account, which agreement may include investment limitations and restrictions. With respect to a Private Fund and a Registered Fund, this discretionary authority has no limitations but is subject to the investment guidelines and other terms and conditions contained in the Fund's Governing Documents.

#### **Item 17. Proxy Voting**

Based on the nature of the Accounts' investment strategy, Eagle Point does not expect to receive proxy proposals but may, from time to time, receive amendments, consents or resolutions applicable to investments held by the Accounts. It is Eagle Point's general policy to exercise the Account's voting or consult subject matter advisors in a manner serving the interests of the Account. Eagle Point may occasionally be subject to material conflicts of interest in voting proxies due to business or personal relationships Eagle Point maintains with persons having an interest in the outcome of certain votes. If at any time Eagle Point becomes aware of a material conflict of interest relating to a particular proxy proposal, our Chief Compliance Officer will review the proposal and determine how to vote the proxy in a manner consistent with interests of the Account. Clients who wish to obtain either a copy of Eagle Point's voting policies and procedures or information as to how Eagle Point voted with respect to their Account can submit their request to Eagle Point's Chief Compliance Officer at the address on the front cover of the Brochure.



**Item 18. Financial Information**

Eagle Point has never been the subject of a bankruptcy petition and does not believe that there are any conditions that are reasonably likely to impair its ability to meet its contractual commitments to clients.

\* \* \*