

IVY HILL ASSET MANAGEMENT, L.P.

Form ADV Part 2A Firm Brochure

Updated: March 29, 2019

This brochure provides information about the qualifications and business practices of Ivy Hill Asset Management, L.P. (“Ivy Hill” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at 202-721-6100 or mkrieger@aresmgmt.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Ivy Hill also is available on the SEC’s website at:

www.adviserinfo.sec.gov

Registration with the SEC as an investment adviser does not imply that Ivy Hill or any principals or employees of Ivy Hill possess a particular level of skill or training in the investment advisory or any other business.

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Item 2 - Material Changes

The Firm makes changes throughout its brochure in an effort to improve and clarify the descriptions of its and its affiliates' business practices and compliance policies and procedures or in response to evolving industry and firm practices; however, none of the changes since the last brochure dated March 31, 2018 are material.

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Item 4 - Advisory Business

Ivy Hill is a Delaware limited partnership that was formed in November 2007. Ares Capital Corporation (“Ares Capital”) currently directly or indirectly owns 100% of Ivy Hill’s equity and voting interests. Ivy Hill Asset Management GP, LLC (“Ivy Hill GP”) is the general partner of Ivy Hill, and Ares Capital is the sole member of Ivy Hill GP. Ares Capital is a closed-end, non-diversified specialty finance company that is regulated as a business development company under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and is externally managed by Ares Capital Management LLC (“ACM”), a wholly owned subsidiary of Ares Management LLC (“Ares Management”). Both ACM and Ares Management are SEC-registered investment advisers and are subsidiaries of Ares Management Corporation (“Ares Corp”), a publicly traded, leading global alternative asset manager. References to Ares Management in this brochure include, as the context requires, affiliates through which Ares Management provides investment advisory services.

Ivy Hill, either directly or through one or more subsidiaries, provides the services described below to its advisory clients, which are comprised of various pooled investment vehicles, including CLOs, private and public investment funds and separately managed accounts (collectively, the “Clients”). In some situations, Ivy Hill may form special purpose entities to serve as investment vehicles for investors. Ivy Hill, or a subsidiary of Ivy Hill, serves as general partner, managing member, investment adviser, sub-adviser, manager and/or sub-manager of each of its Clients. The Clients’ underlying investors are generally either accredited investors and qualified purchasers (as noted in Item 7 below) or non-U.S. persons, depending on the applicable eligibility requirements of the respective Client. These underlying investors are referred to herein as “Underlying Investors.”

Ivy Hill’s investment advisory business is principally focused on investing in and managing middle market senior secured loans, including revolving credit facilities, through co-mingled structured investment vehicles, including CLOs, private investment funds and separately managed accounts. Ivy Hill tailors its advisory services to the specific investment objectives and restrictions of each Client. The investment objective of the Clients is generally to seek a total return while generating current income. Many Clients have investment restrictions that are particular to such Client. Investment restrictions may include, among others, prohibitions on investing in certain types of assets (e.g., equity securities), restrictions on issuer domiciles, restrictions on price or rating of investments and limitations on the percentage a particular type of investment can comprise of a Client’s investment portfolio.

Underlying Investors and prospective investors of each Client should refer to any applicable confidential private placement memorandum, offering memorandum, indenture, limited partnership agreement, limited liability company agreement, investment management agreement and other governing documents for each such Client (the “Governing Documents”) for more detailed information on the investment objectives, investment restrictions and risks related to the applicable Client. Prior performance, while illustrative of Ivy Hill’s investment philosophy and experience, is not indicative of future performance and there is no assurance that any investment objectives will be achieved.

In accordance with common industry practice, Ivy Hill or a Client's general partner, managing member, investment adviser or manager may enter into "side letters" or similar agreements pursuant to which certain Underlying Investors are granted specific rights, benefits, or privileges (including, without limitation, with respect to differences, including discounts to and/or sharing of, management fees, performance allocations, performance hurdles, withdrawals, access to information, minimum investment amounts, reporting obligations, and other rights or terms including those that may be requested in light of particular investment, legal, regulatory or public policy characteristics of an Underlying Investor). These rights, benefits or privileges are not always made available to all Underlying Investors nor in some cases are they required to be disclosed to all Underlying Investors. The disclosure and extension of any such rights, benefits or privileges are governed by the corresponding Governing Documents. Ivy Hill does not participate in any wrap fee programs.

As of December 31, 2018, the amount of regulatory assets Ivy Hill manages on a discretionary basis was approximately \$4,907,134,682 ("RAUM"). RAUM is calculated by aggregating the gross value of all Clients and other securities accounts (including proprietary accounts) for which Ivy Hill provides continuous and regular supervisory or management services. In instances where Ivy Hill only provides such services for a portion of a Client or account, only the value of the portion of the Client or the account for which Ivy Hill performs continuous and regular supervisory or management services is included in Ivy Hill's RAUM. Ivy Hill does not manage any client assets on a non-discretionary basis.

Item 5 - Fees and Compensation

Compensation and Fee Schedules

Underlying Investors and prospective investors of each Client should review the Governing Documents of the applicable Client for more detailed information on fees and compensation payable with respect thereto, including advisory fees payable with respect to a particular Client.

Advisory Fees

Underlying Investors in private Clients are generally all "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act, and, as such, information regarding the fees and compensation payable by such Underlying Investors is not required to be provided herein. In certain circumstances, the advisory fees and performance compensation payable by Underlying Investors are negotiable. In certain Clients, Ivy Hill also charges administration, agency, servicing fees, and similar non-advisory fees and expenses.

Different Clients are subject to different advisory fees as compensation for the investment advisory services rendered to the applicable Client (each, an "Advisory Fee"). The precise amount of, and the manner and calculation of, the Advisory Fees for each Client are intended to be reflective of the underlying investment mandate and associated investment risk of the Client and are established by Ivy Hill and are set forth in such Client's Governing Documents. Fees charged to some Clients may differ from fees charged to other Clients; in those and other situations, such differences are subject to separately negotiated terms and may (or may not) be disclosed to other Clients. In certain

circumstances, the Advisory Fees payable to Ivy Hill by Underlying Investors will vary among such investors and may be negotiable. Moreover, employees and certain business associates and “friends and family” of Ivy Hill or Ares Management generally will not pay Advisory Fees or performance-based compensation with respect to their direct or indirect Client investments.

Advisory Fees paid by a Client are indirectly borne by its Underlying Investors. Underlying Investors and prospective investors should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees and that fees may differ among Underlying Investors of the same Client.

In addition to managing the Clients, Ivy Hill, from time to time, invests in debt and/or equity securities issued by certain Clients, and Ares Capital has also invested, and may in the future invest, in securities issued by one or more Clients. In addition, persons affiliated with ACM and entities managed by affiliates of ACM, including entities managed by Ares Management, have invested, and may in the future invest, in securities issued by one or more Clients. While Ivy Hill endeavors at all times to act in the best interests of its Clients, Underlying Investors and prospective investors should be aware that Ivy Hill’s receipt of compensation from each Client and the investment by Ivy Hill, Ares Capital or entities managed by affiliates of ACM, including entities managed by Ares Management, in a Client may create potential conflicts of interest.

Performance-Based Fees

Ivy Hill also typically receives performance-based compensation from its Clients as described in “*Item 6 – Performance-Based Fees and Side-by-Side Management.*”

Deduction of Fees; Timing of Payments; Termination

For certain Clients, Ivy Hill is authorized under the Client’s Governing Documents to charge and deduct Advisory Fees directly, or indirectly through the applicable Client’s trustee, from the assets of the Client at the times and in the amounts set forth in the Governing Documents.

Base Advisory Fees for many of Ivy Hill’s Clients are payable in arrears, generally on a quarterly or semi-annual basis. Because such Advisory Fees are payable in arrears, they are not paid until after services have been rendered. Please refer to the Governing Documents of a Client for more detailed information on the timing of advisory fee payments.

Clients have the right to terminate the advisory or investment management agreements in accordance with the terms of such agreements.

Other Fees and Expenses

In addition to the fees payable to Ivy Hill, a Client may be responsible for reimbursing Ivy Hill for certain costs and expenses incurred on its behalf, including (but not limited to):

- any sales or other taxes, fees or government charges that may be assessed against the Client;
- commissions, brokerage fees and similar charges incurred in connection with the purchase or sale of investments (including whether or not any such purchase or sale is consummated);

- costs and expenses incurred in evaluating, conducting due diligence, investigating, developing, negotiating, structuring, settling, obtaining ratings, monitoring, advising or managing, valuing, disclosing, holding, and selling otherwise disposing of portfolio investments (whether or not consummated);
- rating agency fees and expenses;
- costs and expenses of computer software specific to the affairs of Clients and market data costs and research-related expenses, including, without limitation, news and quotation equipment, software and services;
- costs related to or in connection with any governmental or other inquiry, investigation, audit, administrative proceeding or regulatory matter, litigation and threatened litigation involving a Client (including the amount of any judgments, settlements or fines paid in connection therewith);
- indemnification obligations;
- fees, costs and expenses attributable to administrative, investment banking, commercial banking, accounting, auditing, appraisal, tax advisory, tax preparation, legal, external consulting, compliance, custodial and registration services provided to a Client (including allocated costs of such services that were performed by an Ivy Hill affiliate, such as an in-house lawyer, loan servicer, accountant, tax advisor or other professional of Ivy Hill or Ares Management, pursuant to Ivy Hill's Administrative Agreement with an affiliate of Ares Management);
- fees, costs and expenses, including premiums related to risk management services and insurance (including insurance to protect the Client, the general partner, their affiliates and their respective officers, directors, employees, partners, managers and members in connection with activities of the Client);
- the costs of dissolving a Client's investment vehicles and liquidation;
- costs of amendments to, and waivers, consents and approvals pursuant to, the Governing Documents;
- preparation, delivery and implementation of side letters and any related "most favored nations" election processes;
- the costs and expenses for tax and audit services to a Client;
- costs of preparing financial statements and reports to Underlying Investors, tax returns, tax estimates, tax reporting or any other administrative, compliance or regulatory filings or reports or the provision of other information to Underlying Investors or other parties;
- fees, costs and expenses related to the appraisal and valuation of the Client's and its subsidiaries' assets, including the cost of valuation review and assistance provided to third parties;
- organizational expenses, including costs and expenses pertaining to the offering and sale of Client interests in (including placement or finder's fees and expenses) and related legal and other organizational payments;

- services provided by any third-party service provider (such as an administrator, depository, custodian, tax and compliance professionals, independent directors, operating advisors or other service providers) to the Client, or its affiliates relating to the activities of such Client;
- fees, costs and expenses associated with compliance by the Client or its affiliates that are involved in the management of the Client with all applicable laws, rules and regulations, including certain expenses related to regulatory filings;
- legal, tax and accounting expenses in connection with the foregoing; and
- transportation (which may include the use of private aircraft, including those owned by employees of Ares Management, car services, parking, etc.), accommodations, meals and entertainment related to the foregoing (collectively, “travel-related expenses”).

All travel-related expenses incurred by IHAM employees are subject to Ares Management’s Travel & Expense Policy.

Please refer to the applicable Client’s Governing Documents for more detailed information on the expenses payable by each Client.

Ivy Hill may from time to time incur fees, costs and expenses on behalf of more than one Client. To the extent such fees, costs and expenses are incurred for the account or benefit of more than one Client, each such Client will typically bear an allocable portion of any such fees, costs and expenses in proportion to the size of its investment in the activity or entity to which such expense relates (subject to the terms of each Client’s Governing Documents) or in such other manner as Ivy Hill considers fair and equitable under the circumstances such as the relative Client size or capital available to be invested by such Clients. Ivy Hill endeavors to allocate such fees, costs and expenses on a fair and equitable basis.

In certain cases, Ivy Hill or its related parties will select a Client’s service providers (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, and investment or commercial banking firms) and will determine the compensation of such providers without review by, or consent of, the Underlying Investors. To the extent allowable under the Governing Documents, Clients will bear the fees, costs and expenses related to such services, regardless of the relationship the service provider may have to Ivy Hill or its related parties. Ivy Hill uses reasonable diligence to periodically ascertain whether each service provider adequately fulfilling its obligations and meeting performance requirements, taking into account factors such as expertise, availability and quality of service, and the competitiveness of compensation rates in comparison with other providers who meet the selection criteria. In addition, service providers and/or their affiliates may simultaneously be engaged in separate and distinct arrangements with Ivy Hill, its related parties and its Clients. As such, it is possible that the service provider will charge different rates which may result in more favorable rates or arrangements for Ivy Hill than its Clients. This may create an incentive for Ivy Hill or its affiliates to select service providers based on potential benefit to Ivy Hill or its related parties rather than its Clients.

See discussion below in “*Item 12 - Brokerage Practices*” for a description of the factors Ivy Hill considers in selecting or recommending broker-dealers and determining the reasonableness of their compensation.

Item 6 - Performance-Based Fees and Side-by-Side Management

Performance-Based Fees

For some of its Clients, Ivy Hill is entitled to an incentive fee as part of its compensation for management services. Any share of profits paid to Ivy Hill by a Client is separate and distinct from the Advisory Fees charged by Ivy Hill for advisory services. Ivy Hill, its employees, certain business associates and “friends and family” of Ivy Hill and Ares Management will generally not pay such performance-based fees or allocations with respect to their direct or indirect investments in Clients.

Performance-based fee and allocation arrangements received by Ivy Hill or its related persons may create incentives for Ivy Hill to recommend investments that may be riskier or more speculative than those that would be recommended under different fee arrangements. Please refer to the Governing Documents of each Client for more complete information on the performance-based fee arrangements of each Client.

Side-by-Side Management

Ivy Hill and related parties of Ivy Hill, including affiliates of ACM, provide concurrent advisory services to clients for which the investment mandates, compensation and fee arrangements (including with respect to performance fees and fee offsets) and other circumstances differ from Client to Client. The potential for Ivy Hill and its related persons to receive greater fees from certain accounts creates a potential conflict of interest with respect to the allocation of investment opportunities, as Clients that pay higher fees may create incentives to direct investment ideas to, or to allocate investments in favor of such Clients.

To mitigate potential conflicts of interest, allocations of investment opportunities among Clients are determined by Ivy Hill in accordance with its investment allocation policy and consistent with its fiduciary duties and corresponding investment mandates. It is Ivy Hill’s policy that all investment opportunities will, to the extent practicable, be allocated among its clients on a basis that over a period of time is fair and equitable to each client relative to other clients, taking into account relevant facts and circumstances, including, but not limited to:

- (i) differences with respect to available capital (e.g., current cash position and current or anticipated capital additions or withdrawals), size of a Client, minimum investment amounts and remaining life of a Client;
- (ii) differences in investment objectives or strategies such as objectives or strategies:
 - a. regarding current and total return requirements,
 - b. emphasizing or limiting exposure to the security or type of security in question,
 - c. regarding diversification, including industry or company exposure, currency and jurisdiction, or

- d. regarding rating agency ratings.
- (iii) differences in risk profile at the time an opportunity becomes available;
 - (iv) the potential transaction and other costs of allocating an opportunity among various Clients;
 - (v) potential conflicts of interest, including whether multiple Clients have an existing investment in the issuer in question or the issuer of such security;
 - (vi) the nature of the security or the transaction including size of investment opportunity, minimum investment amounts and the source of the opportunity;
 - (vii) current and anticipated market conditions;
 - (viii) prior or existing positions in an issuer/security; and
 - (ix) differences in particular portfolio profile covenants or other contractual requirements, including requirements set forth in the debt agreements of funds utilizing leverage.

The President of Ivy Hill is generally responsible for transaction allocations within Ivy Hill. Allocations of investment opportunities are reviewed periodically to assess the effectiveness of the procedures. Ivy Hill and its affiliates may co-invest with certain Clients, as described in the Clients' Governing Documents.

On January 18, 2017, Ivy Hill, Ares Management and its affiliates received an order from the SEC that permits Ivy Hill and its Clients to co-invest in portfolio companies with business development companies, registered closed-end management investment companies and affiliated investment funds managed by Ares Management and its affiliates (the "Co-investment Exemptive Order"). Co-investments made under the Co-investment Exemptive Order are subject to compliance with certain conditions and other requirements, which could limit a Client's ability to participate in a co-investment transaction. Clients' ability to participate in an investment opportunity with other Clients is subject to compliance with existing regulatory guidance, applicable regulations and Ivy Hill's allocation procedures. The foregoing factors in certain circumstances may:

- adversely affect the price paid or received by the Client or the size of a position purchased or sold by a Client, including commission prices;
- preclude a Client from participating in an investment; or
- limit the rights that a Client may exercise with respect to an investment.

In addition, there may be conflicts in the allocation of investments among Ivy Hill, its Clients and clients managed by Ares Management or its related parties or one or more of their controlled affiliates or among the clients they manage, including investments made pursuant to the Co-investment Exemptive Order.

One Client may hold, acquire or dispose of positions in an investment in which another Client invests or has invested. Such investments and transactions may raise potential conflicts of interest for a Client, particularly if the Client invests in different classes or types of securities of the same investment. In that regard, actions taken by one Client may be adverse to another Client, including,

but not limited to, during a restructuring, bankruptcy or other insolvency proceeding or similar matter.

From time to time, a Client will subscribe for or otherwise purchase an interest in another Client, provided that the sale or purchase is consistent with the Governing Documents and Ivy Hill's fiduciary obligations to each such Client. In such situations, while the Firm endeavors at all times to act in the best interests of all of its Clients, its receipt of compensation from each Client and the contribution of additional capital by a Client to another Client may create potential conflicts of interest. In certain circumstances, Ivy Hill may choose to reduce or offset the advisory fees of a Client investing in another Client by the amount of advisory fees applicable to the Client's investment in such other Client.

Item 7 - Types of Clients

Types of Clients

Ivy Hill provides investment advice to various pooled investment vehicles, including CLOs, private and public investment funds and separately managed accounts. Our Underlying Investors in the Clients are comprised primarily of banks, institutional investors, privately managed funds, insurance companies, government and private pension funds, sovereign wealth funds and high net worth individuals. Ivy Hill or its related persons may establish certain funds ("Feeder Funds") to address particular tax or regulatory requirements. Each Feeder Fund, if formed, would be a limited partner of or investor in a Client and interests in such Feeder Fund would be held by the investors who elect to participate in the Client through such Feeder Fund. Prospective investors should refer to the Governing Documents of the applicable Client for complete details on any Feeder Fund established with respect to such Client.

Underlying Investors may have conflicting investment, tax and other interest with respect to Client investments. The results of a Client's activities may affect individual Underlying Investors differently, depending on their different situations. As a consequence, conflicts of interest may arise in connection with decisions made by Ivy Hill that benefits one Underlying Investor over another Underlying Investor. In selecting investments for a Client, Ivy Hill will consider the investment and tax objectives of the Client as a whole and not the objectives of any individual Underlying Investor individually. However, there can be no assurance that a result will not be more advantageous to some Underlying Investors than to other Underlying Investors.

Minimum Investment Requirements

The minimum investment of each Client is stated in its Governing Documents and ranges from \$100,000 to \$1,000,000. In certain instances, Ivy Hill may waive this minimum at its discretion.

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

Methods of Analysis and Investment Strategies

Ivy Hill's investment philosophy and portfolio construction generally involve deliberate company-specific research and analysis and an assessment of the overall macroeconomic environment and financial markets.

Ivy Hill invests in and manages primarily middle market senior secured loans, including revolving credit facilities, through commingled structured investment vehicles, including CLOs, private investment vehicles and separately managed accounts. Its objective is to construct portfolios that balance the benefits of diversification, credit quality, defensive industry allocations, and efficient and flexible portfolio financing.

Ivy Hill's investment process emphasizes due diligence on companies, with a focus on principal protection, relative value and adherence to portfolio guidelines. The strategy employed by Ivy Hill generally emphasizes, among other things, the importance of the following:

- A comprehensive analysis of issuer creditworthiness, including a quantitative and qualitative assessment of the issuer's business;
- An evaluation of management;
- An analysis of business strategy and industry trends;
- An in-depth examination of capital structure, financial results and projections;
- Control of investment risk; protection of principal;
- Long-term value creation; avoidance of short-term trading mentality;
- Relative value analysis;
- Broad access to deal flow;
- Active portfolio monitoring;
- Investment memoranda and periodic updates; and
- Investment committee presentations and discussions.

Additionally, in analyzing a prospective investment, Ivy Hill's analysts seek information from a wide variety of sources including agent banks, fixed income and equity analysts, rating agencies, and industry sources. Ivy Hill seeks to identify those issuers exhibiting superior fundamental risk-reward profiles and strong defensible business franchises while focusing on relative value of the investment across the industry as well. The process through which Ivy Hill makes an investment decision involves extensive research into the target company, its industry, its growth prospects and its ability to withstand adverse conditions.

Material Risks

Not all possible risks are described below. Underlying Investors are requested to refer to the applicable Client Governing Documents for more complete information on investment strategies employed and the corresponding risks associated with such investment strategies.

General Market Risks. Investments made by Clients are materially affected by conditions in the global financial markets and economic and political conditions throughout the world, such as interest rates, the availability and cost of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Clients, taxation of the Underlying Investors, the possibility of changes to tax laws in either the United States or any non-U.S. jurisdiction and

regulations on alternative asset managers), political uncertainty and social unrest, trade barriers, commodity prices, currency exchange rates and controls and national and international political circumstances (including wars, terrorist acts and security operations). These factors are outside of Ivy Hill's control and may affect the level and volatility of securities prices and the liquidity and value of investments, and Ivy Hill may not be able to or may choose not to manage its exposure to these conditions, which may result in adverse consequences for its Clients and result in substantial losses to the Clients.

Monetary Policy and Governmental Intervention. In recent years, the U.S. Federal Reserve (the "Federal Reserve") and global central banks, including the European Central Bank, have, in addition to other governmental actions to stabilize markets and seek to encourage economic growth, acted to hold interest rates to historic lows. It cannot be predicted with certainty when, or how, these policies will change, but actions by the Federal Reserve and other central banks may have a significant effect on interest rates and on the U.S. and world economies generally, which in turn may affect the performance of a Client's investments or the ability of a Client to realize its investment objective.

Enhanced Scrutiny and Regulation of the Private Fund Industry. The advisory business of Ivy Hill and its Clients, as well as the financial services industry generally, are subject to extensive regulation, including periodic examinations, by governmental agencies and self-regulatory organizations or exchanges in the U.S. and foreign jurisdictions in which they operate relating to, among other things, antitrust law, anti-money laundering laws, anti-bribery laws, laws relating to foreign officials, privacy laws with respect to client information and the regulatory oversight of the trading and other investment activities of alternative asset management funds and their investment advisers. Each of the regulatory bodies with jurisdiction over Ivy Hill and its Clients have the regulatory powers dealing with many aspects of financial services, including the authority to grant, and in specific circumstances to cancel, permissions to carry on particular activities. Any failure to comply with these rules and regulations could expose Ivy Hill and the Clients to liability or other risks. The additional legislation, increasing global regulatory oversight of fundraising activities and changes in law relating to the alternative asset management industry has been particularly acute in the aftermath of the global financial crisis in 2008-2009. This additional scrutiny has included, among other things, increased registration, oversight and regulation of alternative asset management firms and disclosure with respect to these firms and the vehicles they sponsor or advise, which could impact Ivy Hill and its management activities. Such oversight and regulation may cause a Client to incur additional expenses, may divert the attention of Ivy Hill and its personnel and may result in fines if a Client is deemed to have violated any regulations. Regulation generally as well as regulation more specifically addressed to the alternative asset management industry, including tax laws and regulation, could increase the cost of acquiring, holding or divesting portfolio investments, the profitability of portfolio companies and the cost of operating a Client. There can be no assurance that Ivy Hill or its funds will avoid regulatory examination or enforcement actions. Even if an investigation or proceeding does not result in sanctions or fines being imposed against Ivy Hill or its affiliates, Ivy Hill, its affiliates, and any Clients may be subject to negative publicity in relation to such investigation or proceeding.

No Assurance of Investment Return. The past performance of Ivy Hill, its affiliates and their respective investment professionals with respect to other portfolios and Clients is not indicative of the results that Ivy Hill will achieve with the underlying assets, particularly in light of recent volatility and risks in the markets. The past performance of Ivy Hill, its affiliates and their respective investment professionals over a particular period is not indicative of the results that may be expected in future periods. Furthermore, the strategies and risks guiding a Client's acquisitions and dispositions of investments may differ substantially from investments and strategies undertaken by Ivy Hill, its affiliates and their respective investment professionals with respect to other portfolios, investment vehicles or accounts. There can be no assurance that a Client's investments will perform as well as past investments of Ivy Hill, its affiliates and their respective investment professionals, that a Client will be able to avoid losses, or that a Client will be able to make investments similar to the past investments of Ivy Hill, its affiliates or their respective investment professionals.

The task of identifying investment opportunities and managing such investments may be difficult. There can be no assurance that any Client will be able to make or realize any particular investment or generate returns. Investing involves a risk of loss that Clients and Underlying Investors in such Clients should be prepared to bear, including the risk of a total loss of investment. Clients and Underlying Investors should carefully consider, among other factors, the material risks discussed below involved with Ivy Hill's investment strategies. Underlying Investors are requested to refer to the applicable Client Governing Documents of the applicable Client for more information on investment strategies employed and the corresponding risks associated with such investment strategies.

Key Personnel and Access to the Ares Management Platform. The performance of Clients will be highly dependent upon the skills of Ivy Hill in analyzing, acquiring and managing the Clients' investments. As a result, Ivy Hill is highly dependent on the financial and managerial experience of certain individuals, any of whom may cease to be associated with Ivy Hill at any time. None of these individuals has an employment contract with Ivy Hill and they may leave or have their employment terminated at any time with or without cause. The loss of one or more of these individuals could have a material adverse effect on the performance of Clients. Additionally, Ivy Hill believes that it significantly benefits from its access to the Ares Management platform (including, without limitation, access to market deal flow, credit diligence and portfolio administration, accounting, tax, human resources, information technology and legal/compliance support), but there can be no assurance that Ivy Hill will continue to have access to the Ares Management platform on the same terms as it has historically had access or at all.

Other Obligations of Investment Professionals. Ivy Hill, its affiliates and their principals and personnel are in no way prohibited from spending, and intend to spend, substantial business time in connection with other businesses and activities, including, but not limited to, managing investments, advising or managing vehicles or accounts whose investment objectives are the same as or overlap with those of any Clients, participating in actual or potential investments of any Client, providing consulting, merger and acquisition, structuring or financial advisory services, including with respect to actual, contemplated or potential investments of a Client, or acting as a

director, officer or creditors' committee member of, adviser to, or participant in, any corporation, fund, trust or other business entity.

Restrictions on Transactions Due to Other Ivy Hill Businesses. Ivy Hill and Ares Managements sponsor and advise a range of types of Clients and expects to continue to develop its investment advisory and related businesses by forming additional vehicles and accounts in the future. Ivy Hill, its affiliates or their principals or personnel may acquire material non-public information or other confidential information in connection with their activities. Such persons may not be free to share such information with its Clients, and Clients may not be free to act upon any such information, and the possession of information by persons associated with Ivy Hill may preclude Clients from engaging in transactions that they might otherwise have undertaken. In addition, a Client may hold positions in securities or other assets or be subject to contractual or legal restraints that could prevent a different Client from being able to initiate a transaction that it might otherwise have initiated or to sell an investment that it otherwise might have sold or, in its judgment, such position(s) or restraint(s) may make such a transaction inadvisable.

The investment activities of one or more Clients may be inconsistent with the investment activities of another Client. Furthermore, subject to its Investment Allocation Policy, Ivy Hill may have duties to Clients that Ivy Hill may consider in determining whether to undertake a transaction, with the result that a Client may not participate in certain transactions in which it might otherwise have participated.

Allocation of Investment Opportunities. The investment policies, fee arrangements and other circumstances of one Client will vary from those of other Clients. From time to time, Ivy Hill is presented with investment opportunities that fall within the investment objectives of more than one Client. While Ivy Hill seeks to manage such potential conflicts of interest in good faith, there may be situations in which the interests of one Client with respect to a particular investment or other matter conflict with the interests of one or more other Clients.

The determinations made by Ivy Hill and its employees in connection with the allocation of investment opportunities will frequently be subjective in nature and consequently, (a) an investment that was determined as appropriate for one Client may ultimately prove to have been more appropriate for another Client, and (b) where potential overlaps among Clients exist, Ivy Hill may, in accordance with its Investment Allocation Policy, forego investment opportunities suitable for a Client. All of the foregoing could in certain circumstances (i) adversely affect the price paid or received by a Client or the size of the position purchased or sold by a Client, (ii) preclude a Client from participating in an investment or (iii) limit the rights a Client may exercise with respect to an investment.

Overlapping Investments with Other Ivy Hill Clients. Multiple Clients and/or multiple clients of Ares Management may hold or may acquire positions in portfolio companies. Such investments and transactions may raise potential conflicts of interest for Clients, particularly if different Clients invest in different classes or types of securities or investments of the same underlying portfolio company. In that regard, actions may be taken by some Clients that may be inconsistent, if not adverse to other Clients, including, but not limited to, interests in different parts of a company's

capital structure during a restructuring, bankruptcy or other insolvency proceeding or similar matter.

Where Clients invest in different parts of the capital structure of a portfolio company, their respective interests may diverge significantly in the case of financial distress of the company. In a bankruptcy proceeding, a Client's interest may be subordinated or otherwise adversely affected by virtue of another Client's involvement and actions relating to their investment. This may result in loss or substantial dilution of one Client's investment, while another Client recovers all or part of amounts due to it. In addition, where one Client is a creditor of a portfolio company in which another Client holds more junior securities, that Client may take actions in its own interests with respect to its rights as a creditor (e.g., with respect to breaches of covenants) that may be adverse to the interests of the other Client as an equity holder. There can be no assurance that the terms of or the return on each Client's investment will be equivalent to or better than the terms of or the returns obtained by other Clients participating in the transaction. Ivy Hill's ability to implement a Client's strategies effectively may be limited to the extent that contractual obligations entered into in respect of investments made by other Clients impose restrictions on Clients engaging in transactions that we may otherwise be interested in pursuing.

Investments In Loans Syndicated by Other Ares Management Clients. Certain Clients of Ares Management and its affiliates including Ares Capital may syndicate all or a portion of their investments and receive compensation in connection therewith, including with respect to investments in which other Clients invest. In certain circumstances, Clients may syndicate all or a portion of an investment to other Clients. For purposes of determining a Client's allocable portion of certain fees relating to such syndication, including arrangement fees, the basis for such determination may be the size of the syndicating Client's investment in, or commitment to, such portfolio investment relative to the size of the whole investment (e.g., all loan tranches and/or including investors that are not Clients).

Valuation Risk. Many investments made by Clients are illiquid and thus have no readily available market prices. Where required by a Client's Governing Documents, Ivy Hill values these investments based on its estimate, or an independent third party's estimate, of their fair value as of the date of determination, which often involves significant subjectivity. There is no single standard for determining fair value in good faith and in many cases fair value is best expressed as a range of fair values from which a single estimate may be derived. Ivy Hill estimates the fair value of our investments based on third-party models, or proprietary models, which include discounted cash flow analyses, adjusted EBITDA and other techniques and may be based, at least in part, on independently sourced market parameters. The estimates and assumptions used in these models include the timing and expected amount of cash flows, the appropriateness of discount rates used, and, in some cases, the ability to execute, the timing of and the estimated proceeds from expected financings, some or all of which factors may be ascribed more or less weight in light of the particular circumstances. The actual results related to any particular investment often vary materially as a result of the inaccuracy of these estimates and assumptions. In addition, because many of the illiquid investments held by Clients are in industries or sectors which are unstable, in distress or undergoing some uncertainty, valuations of such investments may be subject to rapid

and/or significant changes caused by, among other matters, sudden company-specific or industry-wide developments.

Because such valuations will be inherently uncertain, may fluctuate significantly over short periods of time and will be based on estimates and other material assumptions, Ivy Hill's determinations of fair value may differ materially from the values that would have been used if a readily available market for these investments existed and may differ materially from the values that a Client may ultimately realize on such investments.

The amount and timing of incentive fee received by Ivy Hill or its affiliates with respect to a Client will depend in part on the value of such Client's assets and liabilities. If the valuations are incorrect, the amount of the incentive fee received, or the timing of receipt of such incentive fee, could also be incorrect.

Macroeconomic Factors. The performance of a Client's investments could be adversely affected by macroeconomic factors, including general economic conditions affecting capital markets and participants therein (such as the obligations on or issuers of the client's investments). Such macroeconomic factors include (i) economic downturns and uncertainties affecting economies and capital markets worldwide, (ii) new or continuing military conflicts, incidents of terrorism and domestic unrest occurring inside or outside the United States and other consequences thereof and similar events, (iii) concerns about financial performance, accounting and other issues relating to various companies and (iv) recent and proposed changes in applicable laws, regulations or accounting and reporting standards.

Investment and Trading Risks. Clients primarily invest in loans and other fixed income securities and instruments, including, without limitation, "higher yielding" (and, therefore, potentially higher risk) debt securities and instruments. Such securities and instruments will be primarily below "investment grade" or non-rated and may face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the obligor's inability to meet timely interest and principal payments. The market for such investments is often limited, and the market prices of such investments are also subject to abrupt and erratic market movements and changes in liquidity and above-average price volatility, and the spread between the bid and asked prices of such investments may be greater than those prevailing in other more liquid markets. Further, Clients may utilize such investment techniques as leverage, which can magnify the adverse impact to the client involved.

Cross Transactions. Ivy Hill may seek to effect a purchase or sale of an investment (a "cross-transaction") between its Clients. Such transactions generally will not require the consent of a Client under applicable law and, accordingly, Ivy Hill may cause such transactions to be effected without such prior consent.

Distressed Securities. A Client may invest in securities, private claims and obligations of domestic and foreign entities which are experiencing significant financial or business difficulties. In addition, an investment held by a Client may, after the time of investment by the Client, experience significant financial or business difficulties or otherwise not perform as expected. A

Client may lose a substantial portion or all of its investment in a distressed environment or may be required to accept cash or securities with a value less than a Client's investment. The market prices of such investments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such investments may be greater than normally expected due to a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, which may significantly affect the results of a Client's activities. Investments in distressed securities, particularly in connection with reorganizations, may involve litigation generally related to issues related to control and preference/priority among classes, claimants and other related matters. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses that by their nature involve business, financial, market and/or legal risks.

Prepayment Risks. The frequency at which prepayments (including voluntary prepayments and accelerations due to defaults) occur on bonds and loans will be affected by a variety of factors including the prevailing level of interest rates and spreads as well as economic, demographic, tax, social, legal and other factors. The upside potential of an investment prepayable at par may be limited, and there may not be suitable replacement assets for reinvestment in the case of unexpected prepayments, resulting in substantial losses.

Portfolio Risk Factors. The risks of debt instruments include (among others): (i) limited liquidity and secondary market support, (ii) the possibility that earnings of the relevant obligor may be insufficient to meet its debt service obligations, (iii) the declining creditworthiness and potential for (or actual) insolvency of the relevant obligor of such debt during periods of economic downturn or otherwise, (iv) that the relevant obligor is often a small or mid-size company serving only local or regional interests, (v) spread compression over the reference interest rate available for reinvestment during any period in which prepayments are received, and (vi) if subordinated, subordination to the prior claims of other debt or senior lenders. Debt instruments are generally subject to market value volatility that may not be apparent from historical volatility studies and that could be significant at times. An economic downturn could severely disrupt the market for debt instruments and adversely affect the value of outstanding debt and the ability of the relevant obligor to repay or refinance such debt. Moreover, the default history for debt instruments is limited, actual defaults may be greater than indicated by historical data and the timing of defaults may vary significantly from historical observations.

In certain circumstances, the collateral securing a debt instrument, if any, might not be sufficient to satisfy the relevant obligor's obligations in the event of nonpayment of scheduled interest or principal, and may be difficult to liquidate on a timely basis or at all. Additionally, a decline in the value of the collateral could cause the debt to become substantially unsecured, and circumstances could arise (such as in the bankruptcy of an obligor) which could cause the security interest in the debt instrument's collateral to be invalidated or subordinated.

In some cases, the portfolios of one or more Clients may also include unsecured debt instruments. Unsecured debt instruments are subject to the same investment risks generally applicable to debt instruments described above and are subject to the additional risk that the assets and cash flows of the relevant obligor may be insufficient to repay the scheduled payments to the lender after giving

effect to any secured obligations of the relevant obligor. Unsecured debt instruments will be subject to certain additional risks to the extent that such debt is not secured by collateral or may not be restricted by certain financial covenants or certain limitations upon additional indebtedness. Unsecured debt instruments are also expected to be more illiquid than senior secured debt instruments for this reason.

Investment in Reorganizations and Restructurings. The Clients may make investments in restructurings that involve companies that are experiencing or are expected to experience severe financial difficulties. In addition, an investment held by a Client may, after the time of investment by the Client, experience significant financial or business difficulties or otherwise not perform as expected, which could result in a restructuring. These severe financial difficulties may never be overcome and may cause such companies to become subject to bankruptcy proceedings. In such situations, a Client's investment would be subject to the risk that such bankruptcy proceeding (including, among other things, high administrative costs incurred in connection therewith) may adversely and permanently impact the value of the company. In addition, such investments could subject a Client to certain additional potential liabilities that may exceed the value of the Client's original investment therein. Furthermore, investments in distressed companies and restructurings may be adversely affected by statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the court's discretionary power to disallow, subordinate or disenfranchise particular claims.

An investment in a company involved in a reorganization proceeding or restructuring entails significant risks and such investment may be adversely impacted if a Client's evaluation of the anticipated outcome of the investment situation should prove incorrect.

Participation on Creditors' Committees. Subject to any applicable tax guidelines and other limitations in such Client's Governing Documents, Ivy Hill, on behalf of a Client, may, in limited circumstances, participate on committees formed by creditors to negotiate the management of financially troubled companies that may or may not be in bankruptcy or Ivy Hill, on behalf of a Client, may seek to negotiate directly with debtors with respect to restructuring issues. If Ivy Hill does join a creditors' committee on behalf of a Client, the participants of the committee would likely be interested in obtaining an outcome that is in their respective individual best interests and there can be no assurance of obtaining results favorable to the Client. By participating on such a committee, a Client may be deemed to have duties to other creditors represented by the committee, which might expose the Client to liability to such other creditors who disagree with Ivy Hill's actions on behalf of such Client.

Highly-Leveraged Borrowers. The issuers of debt in which a Client may invest are likely to be highly or substantially leveraged. These companies may be subject to restrictive financial and operating covenants and the leverage may impair these companies' ability to finance their future operations and capital needs. As a result, these companies' flexibility to respond to changing business and economic conditions and to take advantage of business opportunities may be limited. Although a Client's debt instruments may be in the senior position of the capital structure, a borrower's leverage (including any junior debt instruments) may adversely impact a Client in a number of ways, creating a greater possibility of default or bankruptcy of the borrower.

In addition, it is possible that the pledging of collateral (if any) to secure a Client's debt investments (or certain payments made in respect of a Client's debt investments) could be found to constitute a fraudulent conveyance or preferential transfer which would be nullified or subordinated to the rights of other creditors of the borrower under applicable law. In addition, Clients may also utilize leverage, which magnifies the risk of loss and will increase the exposure of such Clients to adverse economic factors such as rising interest rates and downturns in the economy. In the event that a Client is unable to meet principal or interest payments on its indebtedness, the value of an Underlying Investor's investment in such Client could be significantly reduced or even eliminated.

Special Situations. A Client may invest in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price paid by a Client the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, a Client may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which a Client may invest, there is a potential risk of loss by a Client of its entire investment in such companies. In connection with such transactions (or otherwise), a Client may purchase securities or other financial instruments on a when-issued basis, which means that delivery and payment take place sometime after the date of the commitment to purchase and is often conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, reorganization or debt restructuring. The purchase price or interest rate receivable with respect to a when-issued security may be fixed when a Client enters into the commitment, thus such securities or other financial instruments are subject to changes in their market value prior to delivery.

Changes in Interest Rates. The Clients are exposed to risks associated with changes in interest rates. General interest rate fluctuations may have a substantial negative impact on the Clients' investments and investment opportunities and, accordingly, may have a material adverse effect on the Clients' investment objectives and rates of return on invested capital.

Illiquidity of Debt Instruments. Debt instruments and interests in debt instruments have significant liquidity risks and market value risks since they are not generally traded in organized exchange markets, but are traded by banks and other institutional investors engaged in loan syndications (if traded at all). Such liquidity risks are particularly prevalent with respect to middle market debt instruments. In such cases, the primary resale opportunities for such debt instruments and interests (if any) are privately negotiated transactions with a limited number of potential purchasers. This may restrict the ability of a Client to dispose of investments in a timely fashion or at a favorable price or at all. The inability to dispose of a debt instrument or interest in a debt instrument could result in losses to a Client, including the loss of its entire investment. The debt of highly-leveraged companies or companies in default also may be less liquid than other debt. If a Client voluntarily or involuntarily sells such a debt instrument (or an interest in those types of debt securities), it may not receive the fair market value therefor.

Economic Recessions or Downturns. Economic recessions or slowdowns could impair the portfolio companies of the Clients and impact the Clients' investment performance. Many of these portfolio companies may be susceptible to economic slowdowns or recessions (including the recent recession and slowdowns or recessions more or less severe) and may be unable to repay loans during these periods. Therefore, during these periods, a Client's non-performing, credit risk or defaulted assets may increase. Economic slowdowns or recessions could lead to financial losses in a Clients' portfolio and a decrease in its cash flows and assets.

Investments in Privately Held Middle-Market Companies. The Clients primarily invest in privately held U.S. middle-market companies. Non-investment grade loans to middle-market businesses may carry more inherent risks than non-investment grade loans to larger, publicly traded entities. Investments in privately held middle-market companies involve a number of significant risks, including, among others, the following:

- these companies may have limited financial resources and may be unable to meet their obligations, which may be accompanied by a deterioration in the value of any collateral;
- these companies typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- there is generally little public information about these companies. These companies and their financial information are not subject to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other regulations that govern public companies, and a Client may be unable to uncover all material information about these companies, which may prevent such Client from making a fully informed investment decision and contribute to such Client losing money on its investments;
- these companies generally have less predictable operating results and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; or
- these companies may have difficulty accessing the capital markets to meet future capital needs.

Accordingly, investments in middle-market companies involve higher risks than investments in companies that have larger businesses, greater financial resources or are otherwise able to access traditional credit sources. Middle-market and leveraged loans have historically experienced greater default rates than has been the case for investment grade and larger loans.

Debt Investments. Debt instruments are subject to credit and interest rate risks. Credit risk refers to the likelihood that an obligor will default in the payment of principal or interest on a debt instrument. Financial strength and solvency of an obligor are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may

affect its credit risk. Credit risk may change over the life of a debt instrument and debt instruments that are rated by rating agencies are subject to downgrade at a later date.

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 obligations) or 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 the price of a fixed rate debt instrument. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (generally depending on the index chosen and the characteristics of the reset terms, including the 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.

Lender Liability Claims. There may be circumstances where a Client's debt investments could be subordinated to claims of other creditors or the Client could be subject to lender liability claims. If one of a Client's portfolio companies were to enter bankruptcy, even though such Client may have structured its interest as senior debt, depending on the facts and circumstances, a bankruptcy court might recharacterize such Client's debt holding as an equity investment and subordinate all or a portion of such Client's claim to that of other creditors. In addition, lenders can be subject to lender liability claims for actions taken by them where they become too involved in the borrower's business or exercise control over the borrower.

Cybersecurity. Ivy Hill, Ares Management and its service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect Clients and/or Underlying Investors, despite Ivy Hill and Ares Management's efforts and the efforts of its service providers to adopt controls, processes and practices intended to mitigate these risks and protect the security of computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to a Client or Underlying Investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to Ivy Hill and Ares Management's systems, the systems of its service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, Underlying Investors, third-party service providers or other users of Ivy Hill and Ares Management's systems to disclose sensitive information in order to gain access to its data or that of its Clients and Underlying Investors. A successful penetration or circumvention of the security of the systems could result in the loss or theft of an Underlying Investor or Client data, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause Clients, service providers, Ares Management or Ivy Hill to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. Similar types of operational and technology risks are also present for portfolio companies, which could have material adverse consequences for such portfolio companies and may cause a Client's investments to lose value.

Item 9 - Disciplinary Information

Neither Ivy Hill nor any of its management persons has been the subject of any material legal or disciplinary proceedings that are material to a Client's evaluation of its business or the integrity of its management. Ivy Hill, its affiliates and certain senior professionals have been included in certain proceedings relating to portfolio companies. No proceeding or action of any type has been resolved or otherwise determined in an adverse manner to Ivy Hill, or its principals and none of Ivy Hill, or any principals have been assessed or paid monetary damages or penalties in connection with any such proceeding. This does not include legal or disciplinary proceedings against companies in which the Clients invest.

Item 10 - Other Financial Industry Activities and Affiliations

Registered Broker-Dealers

Neither Ivy Hill nor any of its management persons is registered or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Relationships with Related Persons

Ivy Hill is directly or indirectly wholly owned by Ares Capital Corporation ("ARCC"), a closed-end, non-diversified specialty finance company that is regulated as a business development company under the Investment Company Act. Ares Capital is externally managed by ACM, an SEC-registered investment adviser and the investment manager of most of Ares' U.S. direct lending funds and institutional accounts. Ares Management is the parent company of ACM and an SEC-registered investment adviser.

In addition, Ares Management is the parent company of:

- (i) Ares Capital Management II LLC ("ACM II"), an SEC-registered investment adviser, and the investment adviser of Ares Dynamic Credit Allocation Fund, Inc. ("ARDC"; NYSE:ARDC), a non-diversified closed-end registered management investment company. ACM II also provides advisory services to certain other registered investment companies;
- (ii) Ares Commercial Real Estate Management LLC ("ACREM"), an SEC-registered investment adviser. ACREM provides advisory services to Ares Commercial Real Estate Corporation ("ACRE", NYSE: ACRE), a publicly traded commercial mortgage REIT and certain other institutional funds and accounts;
- (iii) CION Ares Management, LLC ("CAM"), an SEC-registered investment adviser and the investment adviser of CION Ares Diversified Credit Fund;
- (iv) Ares Management Limited ("AML"), an entity formed in the United Kingdom and authorized by the UK Financial Conduct Authority. AML Also provides advisory services to certain other institutional funds and accounts;

- (v) Ares Management UK Limited (“AMUKL”), an entity established in the United Kingdom and authorized and regulated by the UK Financial Conduct Authority. AMUKL also provides advisory services to certain other institutional funds and accounts;
- (vi) Ares European Loan Management LLP (“AELM”), an entity established in the United Kingdom and authorized and regulated by the UK Financial Conduct Authority. AELM also provides advisory services to certain other institutional accounts; and
- (vii) Ares Management Luxembourg S.à.r.l (“AMLux”), an entity established in Luxembourg and authorized and regulated by the Commission de Surveillance du Secteur Financier.

Additionally, Ares Management has related persons that are exempt, unregistered investment advisers to certain of Ares Management’s clients and are the general partners and, in many cases, limited partners of the Ares Management funds and other investment vehicles that are limited partnerships.

From time to time, Ivy Hill invests in debt and/or equity securities issued by certain Clients and Ares Capital has also invested, and may in the future invest, in securities issued by one or more Clients. In addition, persons affiliated with ACM and entities managed by affiliates of ACM, including entities managed by Ares Management, have invested, and such entities and/or entities managed by ACM may in the future invest, in securities issued by one or more Clients. While Ivy Hill endeavors at all times to act in the best interests of its Clients, Underlying Investors should be aware that the investment by Ivy Hill, Ares Capital or entities managed by affiliates of ACM, including entities managed by Ares Management, in a Client may create potential conflicts of interest.

Certain Ivy Hill personnel may spend substantially all of their business time on one or more Client as required pursuant to the terms of the relevant Governing Documents. In connection with investment activities, employees may from time to time be given access to confidential information relating to companies in which Clients invest. As a result, Clients may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the debt or securities of such a portfolio company, which prohibition may have an adverse effect on Clients.

Clients have from time to time purchased assets from or sold assets to Ares Capital or another Client. As part of Ivy Hill’s investment strategy for Clients, it may purchase additional assets for Clients from, or it may sell assets from one or more of the Clients to, Ares Capital or another Client. While assets may be sold or purchased at prices that are consistent with those that could have been obtained from third parties, and although these types of transactions generally require approval of an independent party, there may be inherent conflicts of interest in such transactions.

Principals, officers and certain employees of Ivy Hill, members of their families and related persons of Ivy Hill may participate directly or indirectly as investors in the Clients as described in the Governing Documents of the Clients, which may be through privately negotiated transactions at varying prices.

Ivy Hill may recommend to clients the purchase or sale of investments in which it, or principals, officers, employees an employee or related person thereof, has a financial interest. In addition, Ivy Hill permits its principals, officers and employees to engage in personal securities transactions, subject to compliance with its Code of Ethics.

For a general discussion of how Ivy Hill addresses resulting conflicts of interest, see the discussion under “*Item 11- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*” below.

Selection or Recommendation of Other Advisers

Ivy Hill does not recommend or select other third-party investment advisers for its clients. Ivy Hill does not have other business relationships with other advisers that create a material conflict of interest except with respect to ACM, which is an SEC-registered investment adviser, ACM’s parent company, Ares Management, which is an SEC-registered investment adviser, and ACM II, ACREM, CAM, AML, AMUKL, AELM and AM Lux, all subsidiaries of Ares Management.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Ivy Hill has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), that sets forth standards of business and fiduciary conduct that Ivy Hill requires of Covered Persons (as defined in the Code). The Code is reasonably designed to minimize actual or potential conflicts of interest between Covered Persons and the interest of Ivy Hill and its Clients and prevent violation of federal securities laws. The Code provides that no Covered Person may engage directly or indirectly in any business investment in a manner detrimental to the Clients or use confidential information gained by reason of his or her employment by or affiliation with Ivy Hill in a manner detrimental to the Clients. The Code includes, among other things: a) policies and procedures regarding personal securities transactions; and b) disclosure and reporting obligations of personal securities transactions and holdings.

Any Client, Underlying Investor or prospective investor in a Client may obtain a copy of the Code upon request to:

Ivy Hill Asset Management, L.P.
Attn: Compliance Department
245 Park Avenue, 43rd Floor
New York, NY 10167

Participation or Interest in Client Transactions

As general partners, limited partners or investors in certain of the Clients, Ivy Hill and its related persons have indirect beneficial interests in the securities or investments owned by such Clients and will share in any profits and losses generated by such Clients’ investments. The Code requires that before, or at the time that, a Covered Person recommends or authorizes the purchase or sale of a “covered security” by a Client, he or she must disclose to the Chief Compliance Officer

(“CCO”): (i) any beneficial ownership in such covered security that he or she has or proposes to acquire; (ii) any interest he or she has or proposes to acquire in any third party account in which such covered security is held; (iii) any beneficial interest in any other security that may benefit from such proposed purchase, sale or other action; and (iv) any interest in or business relationship with the issuer of such covered security that a Covered Person or his or her “covered family member” (as defined in the Code) has or proposes to acquire.

In addition, Ivy Hill and its related persons may, directly or through one or more entities, sell securities or investments in which they have a direct or indirect ownership interest to certain Clients in connection with certain “warehousing” transactions, provided that the sale is consistent with Ivy Hill’s fiduciary obligations to such Clients. Such transactions will be fully disclosed in writing, and the written consent of the appropriate Client (which, in certain circumstances, may be provided by a Client’s Transaction Committee or Independent Review Committee) will be obtained prior to the consummation of any such transaction in accordance with Section 206(3) of the Advisers Act and all other applicable state and federal securities laws.

Ivy Hill makes investments on its own behalf and on behalf of its affiliates. In addition, Ivy Hill and its affiliates may co-invest with certain of the Clients as permitted by the applicable Governing Documents and subject to certain regulatory limitations. In addition, related persons of Ivy Hill and one or more Clients may invest in the same or different securities of a portfolio company, and in certain cases, a Client may purchase an investment from or sell an investment to a related person of Ivy Hill. Any such co-investments or related transactions may raise potential conflicts of interest, particularly if a Client invests in different classes or types of securities of the same portfolio company. In that regard, actions may be taken by such other Client or related person that are adverse to a Client. In the case of transactions involving a Client purchasing from or selling to a related person of Ivy Hill, the Governing Documents generally provide for the review of such transactions by individuals otherwise unaffiliated with Ivy Hill.

Ivy Hill has adopted an allocation policy designed to ensure that all investment opportunities are, to the extent practicable, allocated among its Clients on a basis that over a period of time is fair and equitable to each Client relative to other Clients as well as a co-investment policy designed to ensure fair allocation of co-investment opportunities amongst the Clients. These policies are described in “*Item 6 - Performance-Based Fees and Side-by-Side Management.*”

Personal Trading

The Code covers personal trading policies and procedures of all Covered Persons and their covered family members. Under the Code, Covered Persons and their covered family members are permitted to trade in securities for their own accounts so long as they follow the Code, which contains certain preclearance requirements, reporting requirements and other provisions that restrict trading by Covered Persons. Generally, for “covered securities” transactions in a Covered Person’s or a covered family member’s account, Covered Persons are required to obtain preclearance approval from the Compliance Department. Covered securities purchased by a Covered Person or a covered family member are generally subject to a minimum holding period. The Code also requires that all covered securities holdings and transaction information in covered securities accounts be disclosed to the Compliance Department. Any transactions by a Covered

Person in securities or investments that are held by one or more Clients are generally subject to a blackout period after any Client has traded in any security of that issuer and may further be restricted further by a Client's Governing Documents. The Code's personal trading procedures are administered by the Firm's Compliance Department. On a quarterly basis, Covered Persons must report all covered securities transactions, effected by them or their covered family members, including the nature of the transaction, the price of the security and the name of the broker, dealer or bank with or through which the transaction was effected. On an annual basis, Covered Persons must provide a full accounting of covered securities holdings held by them and their covered family members. Covered securities transactions over which the Covered Person or their covered family members had no direct or indirect influence or control are exempt from these reporting requirements. Lastly, Covered Persons are periodically required to certify that they have read and understand the Firm's compliance policies and procedures, including the Code, and certify that they have complied with the provisions of the Code.

Other Potential Conflicts

Certain Ivy Hill employees and/or their covered family members own private placement interests, including but not limited to, investments in private pooled investment vehicles, other private funds and in single business entities, which could result in a conflict of interests between a Client and the employee in light of a potential personal benefit to the employee. A conflict could arise when an employee invests in an issuer and/or their affiliates who may become a portfolio company, competitor, service provider, counterparty, sponsor or any other business partner of Ivy Hill and/or its Clients. In order to mitigate such potential conflicts, these investments are monitored through the pre-clearance and reporting requirements under the Code.

Ivy Hill also requires certain outside business activities to be reported and monitored to avoid potential or actual conflicts of interest. Such activities require prior written approval from the CCO and the Covered Person's direct supervisor, may be subject to restrictions or conditions and such approval is revocable at any time.

From time to time, subject to the applicable Governing Documents, a Client may engage in cross trades with one or more other Clients, typically for purposes of rebalancing its portfolios, in order to further such participating Clients' investment programs, or for other reasons consistent with the investment and operating guidelines of such participating Clients. Neither Ivy Hill nor its affiliates will receive commission or similar fees in connection with such cross trade. Generally, the value of any positions that are cross-traded in this manner will be determined in a manner that is consistent with applicable policies.

Ivy Hill also requires certain outside business activities to be reported and monitored to avoid potential or actual conflicts of interest. Such activities require prior written approval from the CCO and the Covered Person's direct supervisor, may be subject to restrictions or conditions and such approval is revocable at any time.

Item 12 - Brokerage Practices

Subject to the investment objectives, policies and restrictions of each Client as set forth in its Governing Documents, Ivy Hill has discretionary authority to determine the type, amount, and

price of securities and investments to be bought and sold on behalf of each Client, including the selection of, and commissions paid to, any broker-dealers.

In selecting broker-dealers to effect transactions, Ivy Hill seeks to obtain best execution by considering various factors in addition to the quantitative factors such as price or spreads/commission rates, including, but not limited to, ability to maintain the confidentiality of trading intentions, timeliness and certainty of execution, liquidity of the securities or instrument traded, ability to place trades in difficult market environments, ability to access a variety of market venues, expertise in specific securities or instruments, credit quality, financial condition (counterparty risk) and business reputation. While Ivy Hill generally seeks reasonably competitive trade execution costs, Clients will not necessarily pay the lowest spread or commission available.

From time to time, Ivy Hill may receive client or investor referrals from broker-dealers, which may provide an incentive for Ivy Hill to select or recommend certain broker-dealers for execution services. Please refer to the subsection entitled “*Third Party Compensation for Referrals*” in Item 14 below for additional information.

Research and Other Soft Dollar Benefits

Section 28(e) of the Exchange Act provides a safe harbor that permits investment advisers, when selecting brokers to execute transactions for client accounts, to take into account certain research products and services provided to the investment adviser by brokers. Ivy Hill does not engage in soft dollar arrangements.

Item 13 - Review of Accounts

Review of Client Accounts

Ivy Hill monitors all portfolio investments on behalf of each Client on an ongoing basis. Investments are reviewed in the context of each client’s (i) adherence to the investment objectives and guidelines as set forth in its Governing Documents and (ii) investment performance. Subsequent to an initial investment, such position is monitored on an ongoing basis by at least one investment professional. The monitoring may include ongoing dialogue with the agent bank, company management, fixed income and equity analysts, rating agencies and/or industry sources. In addition, a client’s positions as well as a client’s overall performance and adherence to its investment mandates and restrictions are monitored on an ongoing basis by Ivy Hill’s senior investment professionals.

Reports to Clients

Ivy Hill provides reports to Underlying Investors or a Client’s independent trustee as required by the applicable Governing Documents or otherwise agreed upon with a Client or Underlying Investor. Underlying Investors should refer to the applicable Client Governing Documents for further information on the reports required to be provided by Ivy Hill.

The Governing Documents of the Clients typically require quarterly and annual financial information to be distributed to a Client’s Underlying Investors, and Ivy Hill also may provide

written investor letters with respect to a Client and its performance. Ivy Hill distributes K-1 filings to the Underlying Investors, where applicable, and provides certain other reports and analyses to Underlying Investors and potential investors upon request.

With respect to certain Clients that are collateralized loan obligations or similar structured finance vehicles, the independent trustees of such Clients generally prepare monthly compliance reports. Additionally, Ivy Hill may prepare investor letters, portfolio profile summaries or pro forma results to supplement or further clarify a trustee report. Also, in connection with distributions for certain Clients, Ivy Hill typically sends a letter to the Underlying Investors summarizing the current status of the particular Client and all distributions made to date.

Finally, Ivy Hill holds investor meetings and calls as appropriate for certain of the Clients.

Item 14 - Client Referrals and Other Compensation

Economic Benefits Received from Third Parties

In connection with investments made by certain Clients, Ivy Hill or its related persons may receive commitment, structuring, monitoring and/or other transaction fees from portfolio investments in which one or more of the Clients may invest or propose to invest. The potential for Ivy Hill and its related persons to receive such economic benefits may create conflicts of interest as Ivy Hill and its related persons may have economic incentives to invest in portfolio investments that provide such benefits.

Third Party Compensation for Referrals

Any of the Clients or Ivy Hill may pay placement or structuring fees to placement agents or other third parties who assist in structuring Clients or placing investors in Clients. These fees may be payable by Underlying Investors, one or more of the Clients, the general partner of a Client, Ivy Hill or a combination thereof.

Certain of the solicitors or placement agents utilized to market Ivy Hill's Clients, as well as individuals employed by such solicitors or placement agents, may invest in the Clients and may not pay, or may pay reduced, advisory fees with respect to their Client investment(s). In addition, Ivy Hill may transact client orders through broker-dealers that also act as solicitors or placement agents for its Clients.

Ivy Hill endeavors at all times to put the interests of its Clients first as part of Ivy Hill's fiduciary duty. Nevertheless, the receipt of compensation by placement agents and the potential receipt of brokerage commissions by broker-dealers may create potential conflicts of interest and may affect the judgment of placement agents and broker-dealers when making referrals to Ivy Hill and its Clients. Moreover, potential conflicts of interest may arise between the interests of Clients in obtaining best price and execution and Ivy Hill's interest in receiving future referrals to the Clients from certain broker-dealers. Ivy Hill addresses these potential conflicts of interest by seeking to obtain best execution by considering the factors set forth in "*Item 12 - Brokerage Practices*" above.

Item 15 - Custody

It is Ivy Hill's general policy to not have physical custody of any Client assets. However, Ivy Hill may be deemed to have custody of the assets of certain Clients because of the authority it or a related party has over such Client or its assets. It is Ivy Hill's policy generally to cause each Client with assets over which Ivy Hill is deemed to have "custody" to be audited annually and to distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to such Client's Underlying Investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of any such Client, Ivy Hill will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP to all Underlying Investors of such Client promptly after completion of the audit.

In the alternative, where Ivy Hill is deemed to have custody of a client account solely due to its ability to withdraw client funds to pay its advisory fees, Ivy Hill may comply with the custody rules under the Advisers Act by having a reasonable belief that a qualified custodian will send quarterly account statements to each Underlying Investor or Client. Ivy Hill urges all Clients and Underlying Investors to compare the reports they receive from Ivy Hill to the statements they receive from their custodians. Any issues or discrepancies should be communicated to Ivy Hill promptly.

Item 16 - Investment Discretion

Ivy Hill has discretionary authority to determine the type, amount and price of securities and other investments to be bought and sold on behalf of each Client, including the selection of, and commissions paid to, broker-dealers. This discretionary authority is subject to the investment objectives, policies and restrictions as set forth in the Governing Documents of each such Client. In order to assume such discretionary authority, each Underlying Investor must complete the appropriate Client subscription documents or an investment advisory agreement prior to the establishment of an advisory relationship granting such authority.

Item 17 - Voting Client Securities

In instances where a Client owns equity securities in which it has the right to vote via a proxy (each a "Voting Security"), Ivy Hill generally retains proxy voting authority with respect to these Voting Securities. Ivy Hill has adopted and implemented written Proxy Voting Policies and Guidelines ("Proxy Voting Guidelines") that are designed to reasonably ensure that Ivy Hill votes proxies in the best interests of its advisory clients for whom Ivy Hill has voting authority.

The Proxy Voting Guidelines describe the positions Ivy Hill generally takes in voting proxies on particular issues and require Ivy Hill to keep records with respect to the votes cast.

The Proxy Voting Guidelines also provide that, in the event a particular proxy vote would involve a conflict between the interests of Ivy Hill and its affiliates and those of one or more clients of Ivy Hill, Ivy Hill, if it so elects, may:

- vote in accordance with the recommendations of a disinterested third party;
- refer the voting decision to the client; or
- abstain from voting.

Clients may obtain a copy of Ivy Hill's Proxy Voting Guidelines or information about how Ivy Hill voted client proxies by contacting the Legal Department of Ivy Hill's administrator at (310) 201-4100.

Item 18 - Financial Information

Not Applicable.