

Form ADV Part 2A

Firm Brochure



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This Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of Sound Point Luna LLC (“SPL”) (f/k/a Assured Investment Management LLC). If you have any questions about the contents of this Brochure, please contact Andrea Sayago, Chief Compliance Officer, at 212-895-2280 and/or at compliance@soundpoint.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about SPL also is available on the SEC’s website at www.adviserinfo.sec.gov.

SPL is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Being a “registered investment adviser” or describing SPL as being “registered” does not imply that SPL or its personnel have a certain level of skill or training.

Item 2 – Material Changes

If you are amending your *brochure* for your annual update and it contains material changes from your last annual update, identify and discuss those changes on the cover page of the *brochure* or on the page immediately following the cover page, or as a separate document accompanying the *brochure*. You must state clearly that you are discussing only material changes since the last annual update of your *brochure*, and you must provide the date of the last annual update of your *brochure*.

This **Item 2** includes only material changes since the July 29, 2023 update of this Part 2A of Form ADV:

Items 4 and **10** have been amended to reflect new affiliates and name changes to certain existing affiliates.

We encourage all clients and prospective clients to review this Brochure carefully and in its entirety.

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Item 4 – Advisory Business

Sound Point Luna LLC (“SPL”) f/k/a Assured Investment Management, LLC is organized as a Delaware limited liability company and is an investment adviser registered with the SEC.

SPL serves as an investment adviser to pooled investment vehicles (“SPL Funds”), special purpose vehicles for collateralized loan obligations (“SPL CLOs”), that are primarily domestic and foreign limited partnerships, domestic limited liability companies, trusts and foreign companies (SPL Funds and SPL CLOs are collectively referred to herein as “Client Accounts”), and as sub-adviser to the Fuji CLOs (as defined below).

SPL is principally owned by Sound Point Capital Management, LP, a Delaware Limited Partnership and SEC-registered investment adviser (“Sound Point”). Sound Point is a privately-owned asset management firm with investment strategies that concentrate on performing credit and collateralized loan obligations, opportunistic credit, structured credit, specialty finance and marketplace lending, and commercial real estate credit, utilizing a fundamental and research-intensive approach to investing.

In addition to Sound Point, SPL is affiliated with the following SEC registered investment advisers: Sound Point CLO C-MOA, LLC (“SP C-MOA”), Sound Point Meridian Management Company, LLC (“SPMMC”)¹ and Sound Point Commercial Real Estate Finance LLC (“SPCRE”). SPL is also affiliated with Sound Point CRE Management, LP (“CRE”) and SPCRE InPoint Advisors, LLC (“SPCRE”), both of which are currently exempt from registration as an investment adviser with the SEC and the State of New York.² SPL provides sub-advisory services on a non-discretionary basis to BlueMountain Fuji Management LLC (“BlueMountain Fuji”), which is also an SEC registered investment adviser. Together with Sound Point, SP C-MOA, SPMMC, SPCREF, SPCRE, CRE and BlueMountain Fuji are referred to herein as the “Affiliates”. In general, this Brochure does not include information about the Affiliates or their respective advisory businesses, which are summarized in each of their respective Form ADV Parts 1 and 2, as applicable.

Minority Equity Ownership and Sound Point Board of Managers

Sound Point is a Delaware limited partnership founded in 2008 by Stephen Ketchum, its Managing Partner and CIO. Mr. Ketchum owns the common equity of Sound Point along with certain principals of Stone Point Capital LLC, a private equity firm (“Stone Point”), Blue Owl GP Stakes II (A) LP, a third-party permanent capital fund that is managed by Blue Owl GPSC Advisors LLC, an investment adviser principally owned, through certain intermediary vehicles, by Blue Owl Capital Inc. (“Blue Owl”), and Assured Guaranty U.S. Holdings Inc., a Delaware corporation (“AGUS”) and a wholly owned subsidiary of publicly traded Assured Guaranty Ltd. (NYSE: AGO), a limited company organized under the laws of Bermuda. Stone Point, Blue Owl GP Stakes II (A) LP and AGUS each hold minority common equity interests in Sound Point. Sound Point’s general partner, SPC Partners GP, LLC (the “General Partner”), is a Delaware limited liability company that is controlled by Stephen Ketchum.

Stephen Ketchum is a principal owner of Sound Point, indirectly through SPC Consolidator LLC, a Delaware limited liability company. Certain other limited partners of Sound Point have contributed, or have the right to receive, 5% or more of Sound Point’s capital upon its dissolution, and these limited partners are Blue Owl GP Stakes II (A) LP, AGUS and two senior principals of Stone Point. Three additional senior

¹ SPMCMC’s registration as an investment adviser was declared effective on March 19, 2024. SPMCMC intends to be an investment adviser to a registered investment company.

² CRE and SPCRE both filed their final Exempt Reporting Adviser report with the SEC on 2/14/2024 respectively because they no longer meet the requirements necessary to be registered as an Exempt Reporting Adviser. Neither CRE nor SPCRE are currently obligated to register as an investment adviser in the State of New York because they both have fewer than six (6) New York clients.

principals of Stone Point are also limited partners of Sound Point, but each holds minority common equity ownership below the 5% threshold.

Sound Point GP Parent, LLC (“GP Parent”), a Delaware limited liability company, was established to wholly own the general partners of certain Sound Point Funds (as defined below). GP Parent is also principally owned by Mr. Ketchum indirectly through SPC Consolidator LLC. Certain other limited partners of GP Parent have contributed, or have the right to receive, 5% of more of GP Parent’s capital upon its dissolution, and these limited partners are Blue Owl GP Stakes II (B) LP (which is a third-party permanent capital fund that is managed by Blue Owl), AGUS, and two senior principals of Stone Point. Three additional senior principals of Stone Point are also limited partners of GP Parent, but each holds minority common equity ownership below the 5% threshold.

James Carey, one of Stone Point’s senior principals, and Dominic Frederico, CEO of Assured Guaranty Ltd., serve with Stephen Ketchum on Sound Point’s Board of Managers and consequently have certain rights of approval over the actions of Sound Point which may impact Client Accounts; however, neither Mr. Carey nor Mr. Frederico are members of any committee that makes investment decisions for Client Accounts.

Although, as noted above, a senior principal of Stone Point and the CEO of Assured Guaranty Ltd. serve on Sound Point’s Board of Managers, none of Stone Point, Blue Owl (including Blue Owl GP Stakes II (A) LP and Blue Owl GP Stakes II (B) LP), AGUS or any of their respective affiliates is involved in the day-to-day management or operations of Sound Point, the GP Parent or the General Partner, nor does any such party have any control over the investment decisions of the Client Accounts.

Advisory Services

SPL is a diversified asset manager specializing in (i) the management of collateralized loan obligations, including the collateral obligations and related investments comprising the SPL CLOs, which predominantly consist of below investment grade leveraged loans and (ii) investments via SPL Funds in a broad array of instruments, among them corporate bonds, credit derivatives (including credit default swaps), public equities, private equities, loans (both broadly syndicated and privately traded, including private non-recourse loans supported by publicly traded companies), real estate related assets, privately negotiated investments in various industries including healthcare and specialty finance, equity derivatives, collateralized debt obligations, forex, interest rate derivatives, convertible bonds and other asset-based investments. Credit and equity derivatives relate either to individual reference entities or to baskets or portfolios of reference entities (including levered or de-levered tranches of such portfolios or baskets). SPL’s advisory services also include advice regarding using interest rate derivatives (including futures, swaps, swaptions and rate locks) and government securities to hedge interest rate risk and spot and forward foreign currency contracts to hedge currency exposures.

Client Accounts are generally neither registered under the Securities Act of 1933, as amended, nor registered under the Investment Company Act of 1940, as amended although certain SPL affiliated advisors provide investment advisory services to registered investment companies. Accordingly, interests in such Client Accounts are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions. No offer to sell interests in these Client Accounts is made by the descriptions in this Brochure. Please see Item 7 of this Brochure for more information with respect to the Client Accounts.

BlueMountain Fuji Management serves as the collateral manager to certain collateralized loan obligations (each, a “Fuji CLO”), and BlueMountain Fuji has engaged SPL to provide non-discretionary investment advice to the Fuji CLOs as well as certain operational, administrative and compliance related services and personnel to BlueMountain Fuji, including, without limitation, personnel that act as BlueMountain Fuji’s portfolio managers and chief compliance officer, in exchange for a fee. BlueMountain Fuji is registered as an investment adviser with the SEC.

SPL has engaged Sound Point as sub-advisor for the purpose of assisting SPL in providing collateral management services to certain collateralized loan obligation issuers and to borrowers in certain short-term or long-term warehouse or repurchase facilities in connection therewith and from time to time to acquire other fixed income obligations for its own account, whether for long term investment or for seasoning purposes.

SPL has also engaged Sound Point to provide certain back- and middle-office services and administrative, infrastructure and other services to assist SPL in conducting its advisory business including investment professionals who will assist in the performance of portfolio selection and asset management functions of SPL's Client Accounts and Fuji CLOs.

The advisory services provided by SPL to the Client Accounts are tailored to the investment objectives, investment strategy and investment restrictions, if any, as set forth in the governing documents of each Client Accounts and/or the investment management agreement entered into by SPL with such clients. With respect to its Client Accounts, except as noted below, SPL typically does not tailor its advisory services to the individual needs of investors in the Client Accounts; accordingly, SPL typically does not accept material investment restrictions imposed by such Client Account investors.

Each Client Account from time to time enters into Side Letters with one or more of its investors whereby in consideration for agreeing to invest certain amounts in a Client Account and/or other consideration deemed sufficiently material, such investors may be granted favorable rights not afforded other investors in such Client Account. Such rights may include one or more of the following: rights to receive additional representations and/or covenants; rights to receive reports from the Client Account on a more frequent basis or that include information not typically provided to other investors that SPL believes are not prejudicial to other investors; rights to receive reduced rates of performance fees/allocations and/or management fees earned by SPL, each Client Account's general partner and/or other affiliates (directly or indirectly through a rebate or reimbursement arrangement); application of a restricted securities list; and such other rights as are negotiated between the Client Account, SPL and such investors. Such agreements may be entered into by the Client Account and the applicable member of SPL without the consent of other investors in such Client Account; additionally, except as may be required by "most-favored-nations" clauses, such agreements usually need not be disclosed to other investors in such Client Account.

SPL is under common control with SP C-MOA, an SEC-registered investment adviser that provides advisory services to private funds and European securitized asset pools, SPMCM, an SEC-registered investment adviser that intends to provide advisory services to a Registered Investment Company, and SPCREF, an SEC-registered investment whose primary investment strategy is to originate first mortgage loans on wholly owned commercial real estate in the United States, primarily focused on bridge loans or properties undergoing a business model transition. SPL is also under common control with CRE and SPCRE, which provide advisory services to a real estate investment trust and are currently exempt from registration as an investment adviser with the SEC and the State of New York and Sound Point Capital Management UK LLP, an UK Financial Conduct Authority authorized foreign private adviser that acts as sub-advisor to Sound Point with regards to certain client accounts.

Management of Client Accounts

SPL has \$13,788,087,425 in regulatory assets under management (based on December 31, 2023 data); of that amount, SPL manages \$10,862,486,232 on a discretionary basis and \$2,925,601,193 on a non-discretionary basis.

SPL does not participate in "wrap fee arrangements," whereby clients select SPL to manage funds through an investment program presented to the clients by a third-party program sponsor.

For further discussion of these and related items, see **Item 7** (Types of Clients), **Item 8** (Methods of Analysis, Investment Strategies and Risk of Loss) and **Item 10** (Other Financial Industry Activities and Affiliations). Any description of a Client Account or Fuji CLO is qualified by reference to the applicable fund's prospectus or offering documents.

Item 5 – Fees and Compensation

Management Fees and Performance Based Compensation

SPL is compensated for its advisory services generally through a management fee charged to Client Accounts. SPL typically receives a monthly management fee from the SPL Funds – 1/12 of a per annum fee of typically up to 1.5% of the net assets of each SPL Fund (although in certain cases such management fee is paid on a quarterly basis). With respect to the SPL CLOs, SPL typically receives a management fee made up of two components (*i.e.*, a “Senior Investment Management Fee” of 0.15% (or 0.20%) as well as a “Subordinated Investment Management Fee” of 0.35% (or 0.30%), in each case, of the net assets³ of the SPL CLO, per annum), which fee is typically payable quarterly in arrears (*i.e.*, 1/4 of the aggregate annual management fee of 0.50% of the net assets of each SPL CLO becomes payable to SPL following the end of each calendar quarter). For those SPL Funds that are part of a master-feeder structure, the management fee is typically paid to SPL by the respective master fund on behalf of the feeder funds.

In addition, with respect to certain Client Accounts, SPL (or affiliates of SPL acting as general partners or managing members of the Client Accounts) receives performance compensation with respect to each calendar year or lock-up period, typically 20% of net profits allocated to each investor on an annual basis, payable at the end of each year or lock-up period, as the case may be. With respect to other Client Accounts, SPL (or affiliates of SPL acting as general partners or managing members of the SPL Fund), as applicable, receives performance compensation based on an internal rate of return calculation by reference to distributions made to investors in such Client Accounts (calculated on an aggregate basis or an investment-by-investment basis); provided that with respect to certain Client Accounts, performance compensation is payable only if and to the extent a certain minimum rate of return (a “hurdle”) is exceeded. In certain cases, performance compensation is reduced by the amount of management fees paid over a specified period or subject to a “high water mark” or loss carry forward provisions. See **Item 6** for further information with respect to performance compensation.

Depending on the characteristics of the Client Account, fees are higher or lower and may be subject to various reductions and offsets, in each case, as set forth in each Client Account’s offering documents. SPL reserves the right to waive some or all fees for certain investors in Client Accounts, including for current or former employees of, or investors who are affiliated with, the SPL. Except as described in the following paragraph, the management fee and performance compensation for SPL Funds and SPL CLOs are generally not negotiable.

As explained above in **Item 4**, SPL enters into Side Letters with certain SPL Fund investors, typically those with the largest aggregate investments in the relevant SPL Fund, whereby such investors are granted favorable rights not granted to other investors in the Fund including, among other things, rights to receive reduced rates of performance compensation and/or management fees earned by SPL or its affiliate.

Where advisory fees are calculated by reference to the net asset value of assets held by a Client Account, SPL generally relies on prices provided by third parties (whether dealer quotes, third-party data feeds, or an independent valuation agent) for purposes of valuing portfolio securities held in Client Account accounts. The third-party administrator (the “Administrator”) for such Client Account verifies the third-party values that SPL receives. In the event of a disagreement between SPL and the Administrator, SPL works with the Administrator to investigate and resolve any differences. Although it is extremely rare for discrepancies to persist after an investigation by SPL and the Administrator, in the event that SPL and the Administrator

³ The net assets of a CLO generally include the aggregate value of the SPL CLO’s collateral plus available cash. The management fee is typically paid from interest revenue, which is segregated from other SPL CLO cash at the time of such management fee payment.

ultimately disagree on the valuation of a position, the Administrator can withhold the net asset value if it is unsatisfied with the valuation. SPL maintains policies and procedures relating to the pricing process.

Except to the extent that better performance increases assets under management and thus the amount of the management fee (in cases where the management fee is calculated by reference to the net asset value), management fees are payable without regard to the overall success or income earned by Client Accounts and therefore may create an incentive on the part of SPL to raise or otherwise increase assets under management to a higher level than would be the case if SPL were receiving a lower or no management fee.

Other fees payable by investors in Client Accounts are described below.

SPL (or an affiliate) deducts fees (or directs the payment of fees) from Client Accounts' assets. Management fees are generally paid by Client Accounts other than the SPL CLOs to SPL (or an affiliate) pursuant to a management agreement between the parties. With respect to the SPL CLOs, management fees and performance compensation are generally remitted by the independent trustees of the SPL CLOs on behalf of the respective SPL CLOs to SPL pursuant to the terms of the applicable indenture and investment management agreement between the parties.

Performance compensation is typically deducted from Client Account assets and allocated to an affiliate of SPL pursuant to the governing documents of the Client Account or paid directly out of Client Account assets to a member of SPL pursuant to a management agreement between the parties.

Management fees are generally paid by Client Accounts monthly or quarterly in arrears or in advance. Performance compensation is generally payable at the end of each year or other pre-defined period, at the time distributions are made to an investor and/or at the time an investor withdraws or redeems, as the case may be, from a Client Account, in each case, as set forth in the governing fund documents of Client Accounts.

Management fees and performance compensation may be (and have been) waived or modified in the sole discretion of SPL and/or its affiliates, including for investors who are affiliated with SPL.

Client Account investors and prospective investors in Client Accounts should refer to the private placement memorandum, offering circular or other offering documents of the respective Client Account for detailed information with respect to how fees are paid with respect to their assets. The information contained herein is a summary only and is qualified in its entirety by such documents.

Management Fees Payable in Advance

Management fees applicable to certain Client Accounts are paid monthly or quarterly, as applicable, in advance as described in the investment management agreement between such Client Account and the member of SPL serving as investment manager to such Client Account and/or the governing documents of such Client Account. With respect to fee refunds, information about how investors in Client Accounts withdraw or redeem interests or shares in a Client Account is set forth in the respective Client Account's governing documents.

Other Types of Fees and Expenses

SPL's fees are exclusive of Client Accounts' own organizational (which generally are amortized over a period of time, as set forth in the offering documents of each applicable Client Account), operating and other expenses including, without limitation: indemnification expenses; organizational expenses of a Client Account's general partner; expenses of an anchor investor subject to a cap; commissions; clearing fees; fees, interest and other costs on margin accounts, subscription facilities or other financings or re-financings; any taxes and duties payable in any jurisdiction in connection with the operation of Client Accounts and any

investment vehicles thereof; accounting and legal fees and disbursements (including legal fees related to the acquisition, protection and distribution of the Client Accounts' investments and counterparty negotiation and documentation following commencement of trading operations); accounting, audit and tax preparation expenses; trustee, rating agency and administrator fees and expenses; investment-related expenses, including research, subscriptions, quotation services and data feeds; borrowing charges on securities sold short; custodial fees; bank service fees; third party servicing agents; expenses in connection with transactions directed to broker-dealers in part in recognition of investment research and information furnished or expenses for services rendered by broker-dealers in the execution of such orders and the use of such research and other services provided by such broker-dealers; investment and trading consultant (including consultants providing market research, new investment identification, pre-investment business diligence, post-investment value creation and investment disposition services) fees and expenses; investment-related travel and entertainment expenses; expenses in connection with proposed transactions (including transactions that fail to close); expenses related to reporting to and communicating with investors; liability insurance premiums with respect to the board of directors or board of managers of the Client Account, such Client Account's general partner and SPL; director and manager services fees and expenses; registered office expenses; and any other expenses related to the purchase, sale, holding or transmittal of Client Account assets or liabilities or the business or affairs of Client Accounts. For those Funds that are part of a master-feeder structure, each feeder fund will indirectly bear the administrative and other expenses of the master fund *pro rata* based on its interest in the master fund.

Execution of Client Account transactions typically requires payment of a bid/ask spread or brokerage commissions by the Client Account. **Item 12** below describes the factors that SPL considers in selecting or recommending broker-dealers for the execution of transactions and determining the reasonableness of their compensation (*e.g.*, commissions). Investment activity also involves other transaction fees payable by Client Accounts, such as sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In addition, Client Accounts incur certain charges imposed by custodians, broker-dealers, third-party investment consultants, and other third parties, such as custodial fees, prime brokerage fees, consulting fees, administrative fees and transfer agency fees.

No member of SPL nor any of its affiliates or their respective employees receive, directly or indirectly, any compensation from the sale of securities or investments that are purchased or sold for Client Account accounts. Each member of SPL is compensated through the stated management fee and performance compensation agreed upon in the governing documents of the respective Client Account. Accordingly, SPL believes that it does not have any conflicts of interest regarding the receipt of additional compensation for the sale of investment products.

Client Account investors and prospective investors in Client Accounts should refer to the private placement memorandum, offering circular or other offering documents of the respective Client Account for detailed information with respect to the fees and expenses they may pay in connection with an investment in such Client Account. The information contained herein is a summary only and is qualified in its entirety by such documents.

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

As described in **Item 5**, SPL or its affiliates receive performance-based compensation for investment management services provided to Client Accounts. Performance-based compensation represents an asset manager's compensation for managing an account which is based upon a percentage of the net profits of the account being managed. SPL's performance-based compensation arrangements are typically a percentage of net profits allocated to an investor in a Client Account on an annual basis or based on an internal rate of return calculation by reference to distributions made to investors and, in certain cases, is subject to a hurdle or a reduction based on the amount of management fees paid.

Performance-based compensation creates certain inherent conflicts of interest with respect to the management of assets by SPL. Specifically, entitlement to performance-based compensation in managing one or more accounts may create an incentive for SPL to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation.

SPL is required to act in a manner that it considers fair, reasonable, and equitable in allocating investment opportunities to the Client Accounts, but SPL and its affiliates are not otherwise subject to any specific obligations or requirements concerning the allocation of their working time, effort or investment opportunities, or any restrictions on the nature or timing of investments for the Client Accounts. SPL addresses this conflict through the application of its trade allocation procedures. SPL, both in real-time as well as periodically, reviews allocation of investment opportunities and sequencing of transactions to determine whether Client Accounts are treated fairly. Such allocation guidelines are part of the compliance program that governs the conduct of Sound Point, SPL, SP C-MOA, SPCREF, CRE, SPCRE, and BlueMountain Fuji and their respective employees and other personnel subject to such entities' compliance programs (the "Covered Persons"). As explained below, SPL believes that its allocation guidelines, along with other existing controls, provide an environment that fosters the fair and equitable treatment of all accounts managed by SPL, regardless of fee structure.

BlueMountain Fuji serves as the collateral manager to the Fuji CLOs, and BlueMountain Fuji has engaged SPL to provide non-discretionary investment advice to the Fuji CLOs as well as certain operational, administrative and compliance related services and personnel to BlueMountain Fuji, including, without limitation, personnel that act as BlueMountain Fuji's portfolio managers and chief compliance officer, in exchange for a fee. As a result of this arrangement, SPL and BlueMountain Fuji share certain personnel. Certain investment professionals associated with SPL are actively involved in other investment activities not concerning its Client Accounts and therefore will not be able to devote all of their time to its Client Accounts' business and affairs.

SPL depends on Sound Point to provide shared employees and back-office and administrative services pursuant to one or more services agreement. As such, SPL will be dependent on one of its affiliates for certain important services, which presents conflict of interest with respect to the devotion of time and resources to SPL.

SPL's investment professionals simultaneously manage portfolios for Client Accounts that implement comparable investment strategies (*i.e.*, side-by-side management). In addition to managing the Client Accounts' portfolios, such professionals manage the portfolios of Fuji CLOs as well as CLOs managed by Sound Point and SP C-MOA. The simultaneous management of these different investment products creates certain potential conflicts of interest and the possibility of favorable or preferential treatment of a portfolio or a group of portfolios, as the fees for the management of certain types of products are higher than others or the investors in a certain portfolio or group of portfolios are subsidiaries of Sound Point or an affiliated entity thereof. Because side-by-side management raises such issues, and because SPL has an affirmative duty to treat its Client Accounts fairly and equitably over time, SPL has instituted controls, including its allocation guidelines, in an effort to ensure that it fulfills this duty.

Although SPL has a duty to treat all portfolios employing an investment strategy fairly and equitably over time, such portfolios will not necessarily be managed in the same manner at all times. Specifically, there is no requirement that SPL use the same investment practices consistently across all portfolios. In general, investment decisions for each Client Account will be made independently from those of other Client Accounts (including the clients of its affiliated advisors) and will be made with specific reference to the individual needs and objectives of each Client Account. In fact, different Client Account guidelines and/or differences within particular investment strategies may lead to the use of different investment practices for portfolios employing a similar investment strategy. In addition, SPL will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible portfolios, particularly if different portfolios have materially different amounts of capital under management, different idiosyncratic risk concentration limits or different amounts of investable cash available. As a result, although SPL, its affiliated advisors and their Covered Persons manage numerous portfolios with comparable investment objectives or manage accounts with different objectives that trade in the same securities, the portfolio decisions relating to these accounts, and the performance resulting from such decisions, differ from portfolio to portfolio.

Item 7 – Types of Clients

Types of Clients

SPL provides investment advisory services to pooled investment vehicles operating as private investment funds (“SPL Funds”) and collateralized loan obligations (“SPL CLOs”)

Conditions for Managing Accounts

The minimum initial investment amount for investors in the SPL Funds is generally at least \$1,000,000. The minimum initial investment amount for investors in SPL CLOs is generally at least \$250,000.

These requirements generally can be waived at the discretion of the general partner or the board of directors of the Client Account, or their respective delegees, subject to minimum investment size requirements for the SPL Funds organized in certain offshore jurisdictions.

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

SPL is an asset management firm that follows a comprehensive, multi-strategy approach to investing with specializations including but not limited to managing SPL CLOs and investing in asset-based investments via SPL Funds. Each Client Account's investment strategy is generally set forth in a confidential private placement memorandum, offering circular or other offering documents of such Client Account.

SPL's investment process generally consists of identifying trading and investment strategies within and across asset classes and markets by combining one or more of the following methods of analysis:

1. Fundamental research by SPL's research team;
2. Quantitative analysis;
3. An understanding of the technical dynamics in the various credit, fixed income, equity and volatility markets (by the trading desk and portfolio managers); and
4. Market insights, macroeconomic views, judgment, and discretion of the portfolio managers.

SPL's analysts undertake in-depth financial analysis of individual names and monitor market developments across the sector. They combine a fundamental, cash flow approach with an understanding of the company's capital structure and specific securities to facilitate absolute and relative value judgments on individual names. Research specialists provide expertise in particular areas of fundamental research to complement sector and name coverage and use quantitative models that generate fundamental, technical and flow-based signals.

SPL's portfolio managers oversee the portfolio management team, the members of which are organized by sub-strategy. The portfolio managers analyze trade ideas, monitor the portfolio, perform risk and scenario analyses, and look for investment opportunities within their strategy. The portfolio management team is ultimately responsible for deciding which investment ideas to implement. The team makes these determinations based on the current exposures in the portfolio, the market environment, the relative attractiveness, risk profile, and liquidity of the new position, and the judgment of its members.

SPL's investment strategies and investment themes can be broadly grouped into the following categories:

SPL CLOs: positions across the capital structure of collateralized loan obligations advised by SPL and BlueMountain Fuji, as well as managing the underlying assets held by SPL CLOs, including leveraged loans and high yield bonds.

Asset-Based Investing/Specialty Finance: positions in credit intensive asset-based securities, various types of specialty finance sponsored privately negotiated debt and purchases of consumer and commercial financial assets.

In evaluating loans and securities, the main sources of information used by SPL include but are not limited to: quantitative data provided by third-party vendors; financial newspapers and magazines; research materials prepared by third parties; corporate rating services; annual reports, prospectuses and filings with the SEC; and company press releases. However, SPL relies on its traders, portfolio managers, research analysts and quantitative strategists for generating and vetting trade ideas. SPL typically generates internally the research that it ultimately relies upon to make investment decisions.

Investors in Client Accounts should be aware that investing in securities involves risk of loss that investors should be prepared to bear.

Material Investment Risks

All securities investments risk the loss of capital. No guarantee or representation is made that a Client Account will achieve its investment objective or that investors will not lose all or substantially all of their

investment in the Client Account. Purchases of interests in Client Accounts are suitable only for investors of substantial financial means who can make a long-term investment, can bear the risk of loss of their entire investment in the Client Account and have no need for liquidity of their investment.

Each strategy employed by SPL has the potential for Client Accounts' assets to decline in value. The nature of Client Accounts' investments involves certain risks, and the use of investment techniques (such as hedging, leverage and short selling) carries additional risks. Some of the specific risks to which Client Account assets are susceptible are as follows:

Concentration of Investments

Client Accounts may at certain times hold relatively few investments which are concentrated with respect to strategy, geography, risk profile, asset class or other characteristic. For example, certain Client Accounts may invest all of their investable assets in municipal bonds and related products while other Client Accounts may invest all of their investable assets in asset-backed securities, in each case, as disclosed in the offering documents with respect to a Client Account. Client Accounts could be subject to significant losses if they hold a large position in a particular investment that declines in value or is otherwise adversely affected. The CLOs invest in the credit markets with most of the exposure coming from the leveraged loan market. As such, the CLOs have a high concentration of their respective portfolios invested in a single asset class.

Volatility

The market value of certain of a Client Account's investments may be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including, among other things, the macro business and economic environment, specific developments or trends within a company or in any particular industry, the market's overall perception of risk, general economic conditions, the condition of certain financial markets, domestic and international economic or political events, prevailing credit spreads, changes in prevailing interest rates and the financial condition of counterparties.

Illiquidity of Investments

In some circumstances, investments are relatively illiquid, making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, SPL's ability to respond to market movements may be impaired, and Client Accounts may experience adverse price movements upon liquidation of its investments.

In addition, the Client Accounts may make private investments that are subject to liquidity-related risks, particularly the risk that a Client Account will be unable to dispose of such investments by sale or other means at attractive prices or will otherwise be unable to complete any exit strategy. Among others, these risks include changes in the financial condition or prospects of the entity in which the investment is made. It is not generally expected that private securities acquired by a Client Account will eventually be registered and listed on a securities exchange. Absent registration, such Client Account will not be able to sell such securities unless an exemption from such registration requirements is available. In addition, in some cases a Client Account may be prohibited by contract or regulatory restrictions from selling such securities for a period of time. To the extent that there is no liquid trading market for an investment, a Client Account may be unable to liquidate that investment or may be unable to do so at a profit. Moreover, there can be no assurances that private purchasers for a Client Account's investments will be found.

Financial Model Risk

Most, if not all, of Client Accounts' investments and investment strategies require the use of quantitative and qualitative valuation models developed by SPL and third parties. As market dynamics shift (for example, due to changed market conditions and participants) over time, a previously highly successful

model may become outdated or inaccurate, perhaps without SPL recognizing the change before significant losses are incurred. A Client Account's model risk extends to the valuation of its investments, most of which will be made on the basis of internal SPL models in the absence of any readily determinable market value. The valuations so determined may differ materially from values that are actually realized.

Currency Exposure

Interests in Client Accounts are issued and withdrawn primarily in U.S. Dollars, and a limited amount of interests in Client Accounts are issued and withdrawn in either Euro, British Pound Sterling or Japanese Yen. In certain cases, the assets of Client Accounts are, however, invested in securities and other investments which are denominated in currencies other than U.S. Dollars, Euro, British Pound Sterling and Japanese Yen. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. SPL usually seeks to hedge the foreign currency exposure of Client Accounts (subject to the terms of the offering documents of each Client Account), but Client Accounts are not required to hedge and there can be no assurance that a Client Account's hedging activities, even if undertaken, will be effective. However, Client Accounts are necessarily subject to foreign exchange risks. In addition, prospective investors in Client Accounts whose assets and liabilities are predominately in other currencies should take into account the potential risk of loss arising from fluctuations in value between the U.S. Dollar and other currencies.

Possible Positive Correlation

One of the goals in incorporating non-traditional investment strategies such as those to be utilized by Client Accounts into a portfolio or series of portfolios is to provide a potentially valuable element of diversification. However, there can be no assurance, particularly during periods of market disruption and stress, when the risk control benefits of diversification may be most important, that a Client Account will, in fact, be negatively- or non-correlated with a traditional portfolio of stocks or bonds.

Leverage

Certain Client Accounts employ leverage for the purpose of making investments and to hedge their exposure to market and credit risk. The use of leverage creates special risks and may significantly increase the Client Account's investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, increases the Client Account's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of leverage that are in excess of the interest costs associated therewith may cause the value of interests in the Client Account to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the value of the interests in the Client Account may decrease more rapidly than would otherwise be the case.

Spread Trading Risks

A part of a Client Account's trading operations may involve spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. In addition, such positions entail substantial risk that the price differential could change unfavorably, causing a loss to the spread position. In periods of trendless, stagnant markets and/or deflation, many alternative investment strategies have materially diminished prospects for profitability.

Hedging Transactions

The success of a Client Account's hedging strategy is subject to SPL's ability to assess correctly the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as

markets change or time passes, the success of a Client Account's hedging strategy is also subject to SPL's ability to recalculate, readjust, and execute hedges continually and in an efficient and timely manner.

From time to time, a Client Account may enter into hedging transactions to seek to reduce risk; however, such transactions may result in a poorer overall performance for the Client Account than if it had not engaged in any such hedging transactions. For a variety of reasons, SPL may not seek to establish a perfect correlation between such hedging instruments and the risks being hedged. Such imperfect correlation may prevent the Client Account from achieving the intended hedge or expose the Client Account to risk of loss. In addition, SPL may not hedge a risk inherent in the Client Account because a hedge may not be available or is too costly in light of the likelihood of the possible risk actually occurring, or because the risk simply was not anticipated.

Interest Rate Risk/Libor/SOFR

Interest rate risk will be inherent in the SPL CLO because of, among other things, a difference between the interest rate basis of the SPL CLO's rated notes and of floating/fixed rate assets purchased by the CLO, the SPL CLO's cash balances not being required to be invested in floating rate investments and changing levels of SOFR or other indexes in relation to the floating rate SPL CLO notes and floating rate assets. No assurance can be made that the portion of floating rate assets of the SPL CLO that bear interest based on indices other than SOFR will not increase in the future. The SPL CLO is not expected to enter into hedge agreements to minimize such risk. The SPL CLOs are subject to the risk that SOFR is replaced by alternative rates, which may differ as between the securities issued by the SPL CLOs and the underlying loan assets. Subject to limitations imposed by the SPL CLO documents, SPL will be responsible for nominating or designating an alternative to SOFR in respect of its securities.

A substantial portion of the portfolio collateral obligations in the SPL CLOs may still bear interest based on LIBOR. On March 5, 2021, the United Kingdom Financial Conduct Authority (the "FCA") announced that all LIBOR settings will either cease to be provided by any administrator, or no longer be representative immediately after December 31, 2021 for all GBP, EUR, CHF and JPY LIBOR settings and one-week and two-month USD LIBOR settings, and immediately after June 30, 2023 for the remaining USD LIBOR settings, including one-month and three-month USD LIBOR (the "Announcement"). Concurrent with the Announcement, the Federal Reserve Board, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation released a statement that (i) encouraged banks to cease entering into new contracts that use U.S. dollar LIBOR as a reference rate as soon as practicable and in any event by December 31, 2021, (ii) indicated that new contracts entered into before December 31, 2021 should either utilize a reference rate other than U.S. dollar LIBOR or have robust fallback language that includes a clearly defined alternative reference rate after the discontinuation of U.S. dollar LIBOR and (iii) explained that extending the publication of certain U.S. dollar LIBOR tenors until June 30, 2023 would allow most legacy U.S. dollar LIBOR contracts to mature before LIBOR begins experiencing disruptions.

Although it is expected that floating rate obligations that bear interest based on LIBOR will migrate to a new benchmark prior to June 30, 2023, there is no guarantee that (i) such transition will occur, and if it occurs, when such transition will occur, (ii) SOFR, or the Term SOFR Reference Rate, will replace LIBOR as the benchmark for such floating rate obligations and (iii) any spread adjustment adopted in connection with such transition will be representative of LIBOR as of the date of determination of such benchmark or as prescribed pursuant to the underlying contractual agreement. When LIBOR is discontinued as a benchmark rate, it may cause one or more of the following to occur: (i) increase the volatility of LIBOR and SOFR prior to the consummation of any such change, (ii) increase pricing volatility with respect to collateral obligations, (iii) decrease the likelihood that the Advisors can effectively hedge interest rate risks or (iv) negatively impact the liquidity of the SPL CLO notes.

Portfolio collateral obligations in the SPL CLOs with maturity dates that extend beyond June 30, 2023 and use LIBOR as a reference rate (other than contracts that include curative fallback language or which have other curative mechanisms available, such as safe harbor legislation adopted in the State of New York to permit the replacement of LIBOR with the rates recommended by the ARRC in contracts governed by New York law) may earn reduced interest income, may accrue increased interest expense or may need to be renegotiated, the process of which will consume resources of the applicable SPL CLO and may result in disputes among counterparties, the result of which may be adverse to such SPL CLO.

It remains uncertain whether replacement reference rates, such as SOFR, will create adverse consequences for borrowers and/or lenders if they are widely adopted, and, if the markets evolve to include widely divergent interest rate calculation methodologies, there could be significant, potentially materially adverse effects, on the price and liquidity of certain assets and the ability of SPL to effectively anticipate and/or mitigate interest rate risks.

Counterparty Risk

A Client Account is subject to the risk of the inability of any counterparty (including prime brokers) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. The stability and liquidity of swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that SPL will monitor on an ongoing basis the creditworthiness of firms with which it will enter into swaps or other over-the-counter derivatives on behalf of the Client Accounts. If there is a default by the counterparty to such a transaction, the Client Account will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in losses. Furthermore, there is a risk that any of such counterparties could become insolvent. If one or more of the Client Account's counterparties were to become insolvent or the subject of liquidation proceedings in the United States (either under the Securities Investor Protection Act or the United States Bankruptcy Code), there exists the risk that the recovery of that portion of such Client Account's portfolio held by such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer. In addition, Client Accounts use counterparties located in various jurisdictions outside the United States. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Client Accounts' assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on a Client Account and its assets. Investors should assume that the insolvency of any counterparty would result in a loss, which could be material, to the affected Client Account.

Reliance on Corporate Management and Financial Reporting

SPL relies on the financial information made available by the issuers in which Client Accounts invest. SPL typically does not independently verify the financial information disseminated by the numerous issuers in which Client Accounts may invest and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Corporate mismanagement, fraud and accounting irregularities relating to the issuers of investments held by Client Accounts may result in material losses. Equity prices are particularly vulnerable to corporate mismanagement.

Litigation

From time-to-time, in the ordinary course of their operations, SPL and its affiliates may be subject to litigation and arbitration, which can be costly and divert significant portions of available staff time and

resources. In addition, from time-to-time SPL uses litigation as part of an investment tactic. A Client Account could be party to lawsuits either initiated by it, or by a company in which such Client Account invests, other shareholders, or state, federal and foreign governmental bodies. There can be no assurance that any such litigation, once begun, would be resolved in favor of the applicable Client Account. Any litigation or arbitration could have a materially adverse effect on the involved Client Account.

Exposure to Material, Non-Public Information

From time to time, SPL or an affiliate thereof, receives material, non-public information with respect to an issuer of publicly traded securities. In such circumstances, Client Accounts may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

Reliance on Management

Investors generally do not have an opportunity to select or evaluate any Client Account's investments, or to review a Client Account's securities and other investment positions. SPL selects all Client Account investments, and the quality of SPL's decisions dictates the Client Accounts' success or failure. In addition, the business and prospects of SPL (and by extension, the Client Accounts) might be materially and adversely affected by the death or incapacity of any senior personnel of SPL. Further, if the Client Accounts managed by SPL were to incur substantial losses, the revenues of SPL may decline substantially. Such losses may impair SPL's ability to retain employees, provide the same level of service to the Client Accounts and continue operations.

Reliance on Certain Third Parties

Client Accounts are dependent upon their counterparties and certain service providers, such as the administrators of the Client Accounts. Errors are inherent in the operations of any business (including the business of the Client Accounts), and although SPL has adopted measures to prevent and detect errors by, and misconduct of, counterparties and service providers, and to transact with counterparties and service providers it believes to be reliable, such measures may not be effective in all cases. Errors or misconduct by such service providers could have a material adverse effect on the Client Accounts.

Incentive Fees of Service Providers and Third-Party Managers

Service providers and managers of special purpose vehicles (each, an "SPV") through which Client Accounts may invest ("Third-Party Managers") receive compensation based on, among other things, the performance of the assets that they service or in which such SPVs invest. Therefore, it is possible that certain service providers or Third-Party Managers receive incentive compensation from a Client Account, even though such Client Account, as a whole, does not achieve net capital appreciation. Such compensation arrangements may create an incentive to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, because performance-based compensation may be calculated on a basis which includes unrealized appreciation of a Client Account's assets, such performance-based compensation may be greater than if such compensation were based solely on realized gains. In addition, the existence of such incentive fees and other fees, such as management fees based, for example, on the value of assets managed, result in Client Accounts paying fees twice, once to the SPL or its affiliate and once to the service provider or Third-Party Manager to service or manage the same assets.

In certain cases, Third-Party Managers also receive compensation from investments in the form of transaction, director, monitor and other similar fees or in connection with any investment not completed (*e.g.*, break-up fees). A Client Account is responsible for the payment of such transaction fees and conflicts of interest may arise in connection with the payment of such transaction fees.

Investing in Pre-Existing Investments

In certain cases, Client Accounts invest in entities or assets in which other Client Accounts hold an investment. Such transactions may have an effect (positive or negative) on the market price of such investment. In circumstances in which a Client Account makes an investment in an entity in which other Client Accounts have a pre-existing investment, the investing Client Account would be expected to make business decisions relating to such investment (such as, for example, financing or hedging interest rate or currency risk) independently of the analogous decisions made with respect to such investment by such other Client Accounts. This may result in situations where a Client Account may choose not to hedge certain risks that other Client Accounts do hedge, or the possibility that a Client Account is exposed to risks of financing (for example, possible margin calls) on an investment when other Client Accounts are not.

Investing in Different Levels of the Capital Structure

It is expected that Client Accounts will hold interests in an entity that are of a different class, type or seniority than, or otherwise adverse to, the class, type or seniority of interests held by other Client Accounts. Similarly, from time-to-time Client Accounts will hold multiple investments across the capital structure of an issuer of varying classes, types or seniorities, but will hold different proportions of each such investment. It is possible that the trading and investment activities of any Client Account could conflict with the activities and strategies employed in managing the assets of any other Client Account and affect the prices and availability of the securities and instruments in which a Client Account invests. For example, one Client Account may hold unsecured debt of an issuer while another Client Account holds secured debt of the same issuer. This would potentially result in one Client Account being senior or junior to another Client Account in the capital structure of such entity, which could mean that in a restructuring, workout or other distressed scenario the interests of such Client Accounts might be adverse to one another, and one such Client Account might recover all or part of their investment while the other does not. Decisions about what action should be taken in such a situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, raise conflicts of interest.

In addressing certain of the potential conflicts of interest described herein, SPL may, but shall not be obligated to, take one or more actions on behalf of a Client Account, including any one or more of the following: (i) causing a Client Account to remain passive in a situation in which it is otherwise entitled to vote or take other action, which may result in the outcome of such vote or action being determined by (x) other investors or decision-makers in the same class of equity or debt securities (or another class of equity or debt) or (y) the vote or other action taken by another Client Account; (ii) referring the matter to one or more persons that is not affiliated with SPL to review or approve of an intended course of action with respect to such matter; (iii) consulting with the Client Account on such matter or otherwise requesting that the underlying investors (or an advisory board) approve such matter; (iv) establishing ethical screens or information barriers to separate investment professionals or assigning different teams of investment professionals, supported by legal counsel and other advisers, as SPL deems appropriate, to act independently of each other in representing different Client Accounts or Client Accounts that hold different classes, series or tranches of an issuer's capital structure; (v) as between two Client Accounts, ensuring (or seeking to ensure) that the underlying investors therein own interests in the same securities or financial instruments and in the same proportions so as to preserve an alignment of interest; or (vi) causing a Client Account to divest itself of a security or financial instrument or particular class, series or tranche of an issuer's capital structure it might otherwise have held on to, including causing a Client Account to sell a security or financial instrument to one or more other Client Accounts (or vice versa), or underlying investors in such other Client Account. There can be no assurance that any of these measures will be feasible or effective in any particular situation, and it is possible that the outcome for the Client Account will be less favorable than might otherwise have been the case if SPL had not had duties to other Client Accounts.

SPL recognizes that conflicts arise when Client Accounts invest in different levels of the capital structure of the same entities and will endeavor to treat all Client Accounts fairly and equitably under such circumstances. The actions taken by SPL on behalf of a Client Account are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Client Accounts in different classes, series or tranches of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, investors should expect some degree of variation, and potentially inconsistency, in the manner in which potential or actual conflicts are addressed. While SPL seeks to resolve the conflicts in an impartial manner, there can be no assurance that SPL's own interests will not influence its conduct.

Lender Liability Considerations and Equitable Subordination

Holders of debt securities may be subject to so-called "lender liability" claims by the issuer of the obligations. Such claims may be deemed to arise when an institutional lender has assumed a duty to the borrower (whether implied or contractual) of good faith and fair dealing or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty to the borrower or the other creditors or shareholders of the borrower, and then violated such duty.

In addition, U.S. common law principles, in certain circumstances, can form the basis for lender liability claims; if a lending institution (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors, or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." Certain foreign jurisdictions may impose liability upon lenders or bondholders under factual circumstances similar to those described above, with consequences that may or may not be analogous to those described above. Client Accounts could be subject to claims from creditors of an obligor that the Client Accounts' investments issued by such obligor should be equitably subordinated because of actions by the Client Accounts.

Dissolution Risks

Client Accounts may be required to liquidate their investments pursuant to the liquidity rights of their investors. In the case of a dissolution of a Client Account, dissolution may require the selling of such Client Account's investments under circumstances which may negatively affect the Client Account's returns. Where a Client Account is liquidated pursuant to its dissolution provisions, this may also negatively affect the value of other Client Accounts' investments and/or the circumstances of their disposition and accordingly the Client Accounts' returns.

Cybersecurity and Systems Risks

SPL relies extensively on computer programs, networks, devices and systems (and may rely on new systems and technology in the future) in connection with the Client Accounts' investment activities, including, without limitation, to trade, clear and settle securities transactions, to evaluate certain investments based on real-time information, to monitor each Client Account's portfolio and net capital, and to generate risk management and other reports that are critical to oversight of each Client Account's activities. In addition, certain of the Client Accounts', SPL's and their affiliates' operations interface with or depend on computer programs, networks, devices and systems operated by third-parties, service providers and market counterparties and their sub-custodians and other service providers, and SPL may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures, interruptions or security breaches, including, but not limited to, those caused by

computer “worms,” viruses, power failures and social engineering schemes such as “phishing.” Although SPL has implemented software risk management systems, there can be no guarantee that SPL’s software systems are error free. Potential flaws in these software systems include but are not limited to flaws in design, implementation, configuration, communication, testing, compiling, or linking.

Cybersecurity and information security breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. SPL’s operations are highly dependent on each of these systems and the successful operation of such systems is often out of SPL’s control. Any such defect, failure or breach could have a material adverse effect on the Client Accounts, SPL and their affiliates. For example, systems failures, information security incidents or cybersecurity breaches could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the ability of SPL to accurately monitor the Client Accounts’ investment portfolios and risks. Cybersecurity breaches may cause (i) disruptions and impact business operations, potentially resulting in financial losses to the Client Accounts; (ii) interference with SPL’s ability to calculate the value of a Client Account’s investment; (iii) impediments to trading; (iv) the inability of SPL and other service providers to transact business; (v) violations of applicable privacy and other laws; (vi) regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as (vii) the inadvertent release of confidential information. Similar adverse consequences could result from system failures and cybersecurity breaches affecting (a) issuers of securities in which the Client Accounts invest; (b) counterparties with which the Client Accounts engage in transactions; (c) governmental and other regulatory authorities; (d) exchange and other financial market operators, banks, brokers, dealers, insurance companies, and other financial institutions; and (e) other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

Business Continuity and Disaster Recovery

The business operations of SPL may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster (*e.g.*, floods and hurricanes), epidemics, pandemics, terrorist attacks or other circumstances resulting in property damage, network interruption and/or prolonged power outages. Although SPL has implemented measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. In addition, such a disruption may materially and adversely impact the value and performance of investments in underlying portfolio companies and SPL’s ability to achieve Client Accounts’ investment objectives more generally. The extent of the impact of any such disruptions on the SPL, Client Accounts, and any underlying portfolio company’s operational and financial performance will depend on many factors, including the duration and scope of such disruptions, the extent of any responsive measures implemented and the impact of such disruptions on overall economic activity, consumer confidence and economic markets, all of which are highly uncertain and cannot be predicted. The related risks of loss from such disruptions can be substantial and could have a material adverse effect on the Client Accounts.

Sanctions

Client Accounts are subject to laws which restrict the Client Accounts from dealing with persons that are located or domiciled in sanctioned jurisdictions. Accordingly, the Client Accounts require each subscriber to represent that the subscriber is not named on a list of prohibited entities and individuals maintained by the US Treasury Department’s Office of Foreign Assets Control or under European Union (“EU”) and United Kingdom (“UK”) regulations (as extended to the Cayman Islands by statutory instrument), and is not operationally based or domiciled in a country or territory in relation to which current sanctions have been issued by the United Nations, EU or UK (collectively “Sanctions Lists”). Where the subscriber is on a Sanctions List, a Client Account may be required to cease any further dealings with the subscriber’s

interest in the Client Account, until such sanctions are lifted, or a license is sought under applicable law to continue dealings. In addition, the existence of such sanctions (or possibility thereof) may preclude the Client Accounts from acquiring or selling a position in an investment at a time when SPL otherwise believes it would be appropriate to do so.

Russia-Ukraine Conflict

The Russian Federation invaded Ukraine on February 24, 2022. This invasion and its aftermath have increased geopolitical tensions significantly, and the United States, the United Kingdom, EU member states, and other countries have imposed, maintained and from time to time increased economic sanctions on the Russian Federation, parts of Ukraine, as well as various designated parties. This military conflict and such economic sanctions continue, and it remains difficult to predict the impacts of these events or how long they will last. The Russian Federation-Ukraine conflict has significantly exacerbated certain of the risks associated with the Client Accounts' investments and has caused, and is expected to continue to cause, adverse changes to, among other things: (i) general economic and market conditions; (ii) shipping and transportation costs and supply chain constraints; (iii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iv) available credit in certain markets; (v) import and export activity from certain markets; and (vi) laws, regulations, treaties, pacts, accords, and governmental policies. Economic and military sanctions related to the Russian Federation-Ukraine conflict, or other conflicts, have the potential to gravely impact markets, global supply and demand, import/export policies, and the availability of labor in certain markets. In addition, BlueMountain Fuji may be required to dispose of one or more investments held by a Client Account if the underlying obligor thereof (or one or more of their affiliates) are subject to sanctions. It is likely that the accounts would incur a substantial loss in the event of a sale of such investments. There is no guarantee that such sanctions and economic actions will abate or that more restrictive measures will not be put in place at any time or from time to time. Moreover, the Russian Federation-Ukraine military conflict could spark further sanctions and/or military conflicts which will impact other regions. The foregoing could have a material adverse effect on the ability of underlying borrowers and issuers to perform their obligations in connection with the Client Accounts' investments and the performance and value of such investments, which could have a material adverse effect on the Client Accounts.

Regulatory/Legislative Developments Risk

Regulators and/or legislators may promulgate rules or pass legislation that places restrictions on, adds procedural hurdles to, affects the liquidity of, and/or alters the risks associated with certain investment transactions or the securities underlying such investment transactions. Such rules/legislation could adversely affect the value associated with such investment transactions or underlying securities. Future legal, tax and regulatory changes could occur that may adversely affect business and require additional reporting for registered investment advisors. The SEC, other regulators and self-regulatory organizations and exchanges have taken various extraordinary actions in connection with market events and may take additional actions. Registered investment advisors may also be adversely affected by changes in the enforcement or interpretation of existing laws, rules and regulations, including tax laws, by federal, state and non-U.S. agencies, courts, authorities or regulators.

Proposed Safeguarding Rule (Replacing the Custody Rule)

On February 15, 2023, the SEC proposed to amend and re-designate Rule 206(4)-2 (the “Custody Rule”) as new Rule 223-1 (the “Proposed Safeguarding Rule”) under the Advisers Act. As with the Custody Rule, to which Sound Point is currently subject, the Proposed Safeguarding Rule aims to ensure that a client's assets are protected from improper access and use in situations in which an SEC-registered investment adviser holds or has authority to obtain possession of the client's assets. However, were the Proposed Safeguarding Rule adopted as proposed it would introduce a number of significant amendments, which would require

SEC-registered investment advisers, including Sound Point, to significantly modify their procedures and systems to implement and incorporate, and would generally be expected to introduce significant additional costs and burdens on SEC-registered investment advisers and their clients' custodians. Among other things, the Proposed Safeguarding Rule would (i) expand the Custody Rule to apply to all client "assets" (including cryptocurrencies and other digital assets) and not only client "funds and securities"; (ii) clarify additional advisory activities covered by the protections of the Proposed Safeguarding Rule (including explicitly covering discretionary trading authority); (iii) create extensive new requirements for SEC-registered investment advisers and qualified custodians (including entry into written agreements with prescriptive requirements); (iv) introduce significant new requirements to the exception for privately offered securities and extend the exception to certain physical assets that would be covered under the expanded scope of the Proposed Safeguarding Rule; and (v) expand the availability of the Custody Rule's audit alternative as a means of satisfying the surprise examination requirement while imposing new requirements on advisers that rely on the audit alternative. In addition, the SEC is proposing related amendments to SEC-registered investment advisers' recordkeeping and Form ADV reporting requirements that would require SEC-registered investment advisers to maintain extensive books and records relating to the Proposed Safeguarding Rule and to report additional, more detailed information about their custody practices and use of qualified custodians.

There is no "grandfathering" under the Proposed Safeguarding Rule, and therefore Sound Point would be obligated to comply with the Proposed Safeguarding Rule (after the compliance transition period, currently proposed to be one-year following adoption of the Proposed Safeguarding Rule) with respect to the current and future Client Accounts for which it has custody of client assets, including Funds and CLOs. There can be no assurance that the Proposed Safeguarding Rule will be adopted in the form proposed, or at all, and if adopted in any form, when such Proposed Safeguarding Rule would take effect. Each Client Account and investor in the Funds and CLOs must make its own determination as to whether it would be negatively affected by the adoption of the Proposed Safeguarding Rule, and the potential impact of the Proposed Safeguarding Rule on the expense and regulatory burden imposed on its investment. SPL, the Funds and CLOs cannot make any representation to any prospective investor or purchaser of the CLO notes regarding the application of the Proposed Safeguarding Rule to SPL, the Funds or CLOs at this time or at any time in the future.

Private Fund Adviser Rules

The SEC has adopted several new rules and rule amendments under the Advisers Act that will, unless modified prior to their respective effective dates, significantly impact and affect private fund advisers, including those registered with the SEC such as SPL (the "Private Fund Adviser Rules"). For an SEC-registered investment adviser with "private funds assets under management," as such term is used for purposes of the Advisers Act, at SPL's current level, the effective date for most of the Private Fund Adviser Rules is September 14, 2024. Section 202(a)(29) of the Advisers Act defines the term "private fund" as an issuer that would be an investment company under the Investment Company Act but for the exemption provided under Sections 3(c)(1) or 3(c)(7) thereunder. Because the SPL Funds rely on Section 3(c)(7) of the Investment Company Act, each will be considered a "private fund" within the meaning of the Private Fund Adviser Rules, and SPL will be required to comply with the enhanced obligations under the Private Fund Adviser Rules with respect to the SPL Funds. However, the Private Fund Adviser Rules generally exclude from the term "private funds", for purposes of these rules, "securitized asset funds." Under Rule 211(h)(2)-3, a "securitized asset fund" is defined as "any private fund whose primary purpose is to issue asset backed securities and whose investors are primarily debt holders." Consequently, SPL CLOs are expected generally to be excluded from and/or to experience less impact from the adoption of the Private Fund Adviser Rules.

The Private Fund Adviser Rules generally provide for (i) increased transparency with respect to fee and expense disclosure and financial performance disclosures, (ii) mandatory annual audits of private funds and guidance on reporting standards and record-keeping requirements, (iii) new requirements with respect to certain adviser-led secondary transactions, including requirements to obtain third-party fairness opinions in connection with such transactions, and (iv) prohibitions and restrictions on certain practices and activities of private fund advisers with respect to private funds managed thereby, including, but not limited to, charging fees or expenses related to a portfolio investment on a non-pro rata basis, borrowing from a private fund and certain types of preferential treatment of particular investors.

Several investment management trade associations have initiated legal proceedings against the SEC, in a lawsuit filed on September 1, 2023 (National Association of Private Fund Managers v. SEC, case number 23-60471, in the U.S. Court of Appeals for the Fifth Circuit). The plaintiffs' claims assert that the SEC's authority does not extend to this level of regulatory oversight of private funds, and that the Private Fund Adviser Rules will harm the private fund industry, impede the ability to provide attractive investment returns to private fund investors, and hamper the creation of jobs and innovation by the investment management sector. The lawsuit also takes the position that the Private Fund Adviser Rules unduly restrict private fund advisers in their contractual dealings with investors, where traditionally parties were permitted wide latitude to contract for their respective rights and obligations.

It is not clear what the result of this legal challenge, or of any other future legal challenges along these lines, may be. Given the period of time before the compliance dates for most of the Private Fund Adviser Rules, there may well be court-mandated modifications to the Private Fund Adviser Rules before they are required to be implemented by private fund investment advisers.

The costs of complying with certain of the reporting and compliance obligations under the Private Fund Adviser Rules could be substantial, and it is possible that the costs of preparing such reports would be borne by the applicable SPL Funds.

There is no "grandfathering" under the Private Fund Adviser Rules, and therefore SPL will be obligated to comply from and after the compliance date with the Private Fund Adviser Rules with respect to the current and future SPL Funds and any other private funds to which such rules apply.

Economic Conditions

Changes in economic conditions, including, for example, interest rates, inflation rates, currency and exchange rates, industry conditions, competition, technological developments, trade relationships, political and diplomatic events and trends, tax laws and innumerable other factors, can affect substantially and adversely the investment performance of a Client Account's account. Economic, political and financial conditions (including military conflicts and financial sanctions), or industry or economic trends and developments, may, from time to time, and for varying periods of time, cause volatility, illiquidity or other potentially adverse effects in the financial markets. Economic or political turmoil, a deterioration of diplomatic relations or a natural or man-made disaster in a region or country where SPL's Client Account assets are invested may result in adverse consequences to such Client Accounts. As of the beginning of 2023, there is an especially high degree of economic uncertainty given elevated inflation, a rapid increase in interest rates by Central Banks, and a high level of geopolitical uncertainty in Europe and Asia. The likelihood of a recession, and the magnitude of any such recession, is highly uncertain and would have significant implications across asset classes. In addition, due to the recent bank failures, there is a risk of loss of deposits in excess of \$250,000, the standard FDIC insured amount per depositor, risks surrounding liquidity concentration, systemic risk regarding the failure of other banks, and increased compliance costs associated with diversifying deposits among multiple banks. None of these conditions is or will be within the control of SPL, and no assurances can be given that SPL will anticipate or successfully navigate these developments.

Pandemic Outbreak

An epidemic outbreak and reactions to such an outbreak could cause uncertainty in markets and businesses, including SPL's business, and may adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. SPL has policies and procedures to address known situations, but because a large epidemic may create significant market and business uncertainties and disruptions, not all events that could affect SPL's business and/or the markets can be determined and addressed in advance. During the COVID-19 outbreak, SPL's Business Continuity Plan allowed SPL's personnel to work remotely without interruption to SPL's investment management or client service and SPL has adopted a hybrid home-office work model subsequently. This incident response may not be representative of future incident conditions.

Custody Risk

SPL is required to maintain certain Client Account assets with a qualified custodian. Client Accounts may incur a loss on securities and cash held in custody in the event of a custodian's or sub-custodian's insolvency, negligence, fraud, poor administration or inadequate recordkeeping. Generally, deposits maintained at a bank do not become part of a failed bank's estate however, SPL's operations could be impacted by the bank's insolvency in that there may be a delay in access to liquidity, trade settlement, delivery of securities, *etc.* Establishing multiple custodial relationships could mitigate custodial risk in the event of a bank failure.

CLO-Focused Risks

Due to the unique structure and focus of the SPL CLOs, they are subject to a number of specific risks.

Nature of SPL CLO Investments

The SPL CLOs invest in collateral obligations consisting at the time of acquisition of predominantly bank loans and other debt instruments, all of which have greater credit and liquidity risk than investment grade sovereign or corporate bonds or loans. Such collateral is subject to credit, liquidity and interest rate risks. The lower rating of below investment grade collateral reflects a greater possibility that adverse changes in the financial condition of an issuer or borrower or in general economic conditions or both may impair the ability of the relevant borrower or issuer, as the case may be, to make payments of principal or interest.

SPL CLOs are typically structured so that the notes issued by the SPL CLO are assumed to be able to withstand certain assumed losses relating to defaults on the underlying collateral obligations; however, there is no assurance that actual losses will not exceed such assumed losses. If any losses exceed such assumed levels, payments to SPL CLO investors could be adversely affected.

In recent years, events in the collateral debt obligation (including SPL CLOs), leveraged finance and fixed income markets have contributed to a severe liquidity crisis in the global credit markets which has resulted in substantial fluctuations in prices for leveraged loans and high-yield debt securities and limited liquidity for such instruments. No assurance can be made that the conditions giving rise to such price fluctuations and limited liquidity will not continue or become more acute. During periods of limited liquidity and higher price volatility, a SPL CLO's ability to acquire or dispose of collateral obligations at a price and time that the SPL CLO deems advantageous may be severely impaired. As a result, in periods of rising market prices, a SPL CLO may be unable to participate in price increases fully to the extent that it is unable to acquire desired positions quickly; and such SPL CLO's inability to dispose fully and promptly of positions in declining markets may exacerbate losses suffered by the SPL CLO when collateral obligations are sold.

The market value and performance of the collateral obligations may be adversely impacted by current and future economic conditions, including perceptions of potential, current or future conditions, market trading

imbalances or technical dislocation. To the extent that economic and business conditions fail to improve or deteriorate further, the levels of defaults and delinquencies are likely to increase and market values may decrease or not fully recover, which may adversely affect the amount of proceeds that could be obtained upon the sale of the collateral obligations and could adversely impact the ability of the SPL CLO to meet its financial obligations.

Concentration of Investments

The SPL CLOs invest in the credit markets with most of the exposure coming from the leveraged loan market. As such, the SPL CLOs have a high concentration of their respective portfolios invested in a single asset class.

Collateral Obligations below Investment Grade

Primarily all of the collateral obligations of the SPL CLOs are rated below investment grade. Obligors of below investment grade debt obligations may be highly leveraged and may not have available to them more traditional methods of financing or may not be able to refinance their debt obligations. Leveraged loans have historically experienced greater default rates than has been the case for investment grade securities. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced on the collateral obligations, and an increase in default levels could adversely affect the performance of the SPL CLO, and thus, the return to investors in the SPL CLO.

A non-investment grade loan or other debt obligation is generally considered speculative in nature and may go into default. Such a defaulted obligation may become subject to either substantial work out negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such defaulted obligation. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such defaulted obligation. The liquidity for defaulted obligations may be limited, and to the extent that defaulted obligations are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon.

Prepayment Risk

Some of the terms of loans acquired by a SPL CLO are subject to early prepayment options or similar provisions which, in each case, could result in a SPL CLO realizing such loans earlier than expected, sometimes with no or a nominal prepayment premium. This typically happens when there is a decline in interest rates, when the portfolio company's improved credit or operating or financial performance allows the refinancing of certain classes of debt with lower cost debt or when the general credit market conditions improve. In the event a SPL CLO receives proceeds from an investment earlier than it had anticipated, a SPL CLO is often permitted to reinvest such proceeds, but there is no assurance that a SPL CLO will be able to reinvest such proceeds even where they are received during such SPL CLO's reinvestment period. On occasion, a SPL CLO's inability to reinvest such proceeds will materially affect the performance of a SPL CLO.

Reinvestment Risk

Subject to certain limitations, each SPL CLO may generally reinvest any proceeds from its investments for a certain period following the closing date of such SPL CLO. The objective of such reinvestment capability is to provide ongoing additional capital to potentially increase the total return from the investments to such SPL CLO's investors. However, if the proceeds of a SPL CLO's investments are reinvested, its investors' capital will continue to be subject to the risk of loss for a longer period of time. If reinvested proceeds are lost, such loss would offset at least a portion of any gains that may have been realized from prior investments

of such SPL CLO, and it is possible that any such loss could exceed any such prior gains, thereby resulting in a possible loss of at least a portion of the amounts invested in the SPL CLO by its investors.

Leverage

CLOs employ leverage which could lead to losses in some of the notes issued by a SPL CLO, and the subordinated notes are subject to up to 100% loss of invested capital. Any deterioration in the performance of the underlying collateral will be borne first by the subordinated notes.

Currency Exposure

Underlying collateral in SPL CLOs are primarily in U.S. Dollars or Euros, and a limited amount may be in British Pound Sterling or other foreign currencies. SPL may seek to hedge the foreign currency exposure of SPL CLOs in accordance with the terms of each SPL CLO's indenture. However, SPL CLOs are necessarily subject to foreign exchange risks. In addition, prospective investors in SPL CLOs whose assets and liabilities are predominately in other currencies should take into account the potential risk of loss arising from fluctuations in value between the U.S. Dollar, the Euro and other currencies.

Hedging Transactions

Aside from entering into swaps to hedge certain currency or interest rate risks, the SPL CLOs are not expected to enter into hedging transactions. Any hedging transactions must conform to the requirements of the indenture.

Litigation

SPL may participate in creditors' committees with respect to the bankruptcy, restructuring or work out of issuers of collateral obligations. In such circumstances, SPL may take positions on behalf of a SPL CLO that are adverse to the interests of another SPL CLO. The SPL may be entitled to receive steering committee fees associated with a bankruptcy, restructuring or work out (except any fees received in connection with the extension of the maturity of a defaulted obligation or a reduction in the outstanding principal balance of a defaulted obligation) received in connection with the work out or restructuring of any defaulted obligations.

The funds available to a SPL CLO to pay certain fees and operating expenses are limited by restrictions governing the SPL CLO's priority of payments to pay for such fees and expenses. If such funds are not sufficient to pay the expenses incurred by the SPL CLO, the ability of the SPL CLO to operate effectively may be impaired, and the SPL CLO may not be able to defend or prosecute legal proceedings that may be brought against it or that the CLO might otherwise bring to protect its interests. In addition, service providers of a SPL CLO that are not paid in full may have the right to resign. This could ultimately lead to the SPL CLO being in default under applicable law.

Financially Troubled Companies and Bankruptcy Risks

SPL CLOs make investments that may become distressed and or file for bankruptcy protection due to factors outside the control of SPL. There is no assurance that there will be sufficient collateral to cover the value of the loans and/or other investments purchased by a SPL CLO or that there will be a successful reorganization or similar action of the company or investment which becomes distressed. In any reorganization or liquidation proceeding relating to a company in which a SPL CLO invests, a SPL CLO is in a position to lose its entire investment, to be required to accept cash or securities with a value less than a SPL CLO's original investment and/or to be required to accept payment over an extended period of time. Under these circumstances, the returns generated from a SPL CLO's investments will likely not compensate the investors in the SPL CLOs adequately for the risks assumed. Additionally, under certain circumstances, a lender who

has inappropriately exercised control of the management and policies of a debtor will generally either have its claims subordinated, or disallowed, or be found liable for damage suffered by parties as a result of such actions. Under circumstances involving a portfolio company's insolvency, payments to a SPL CLO and distributions by a SPL CLO to its investors are likely to be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Troubled company investments require active monitoring and, at times, require significant participation in business strategy or reorganization proceedings by SPL. In addition, involvement by SPL in a company's reorganization proceedings could result in the imposition of restrictions limiting a SPL CLO's ability to liquidate its position in the company.

The Dodd Frank Act and U.S. Risk Retention Rules

In response to the downturn in the credit markets and the global economic crisis of 2007-2008, legislators and various agencies and regulatory bodies of the United States federal government and in Europe have taken or are considering taking actions. These actions include, but are not limited to, the enactment of the Dodd Frank Wall Street Reform and Consumer Protection Act (the "Dodd Frank Act"), which was signed into law on July 21, 2010, and which imposes a regulatory framework over the U.S. financial services industry and the consumer credit markets in general, and proposed and actual regulations by the SEC and the Commodity Futures Trading Commission ("CFTC"). Implementation of the Dodd Frank Act has required, and will continue to require, many lengthy rulemaking processes resulting in the adoption of a multitude of new regulations applicable to entities which transact business in the U.S. or with U.S. persons outside the U.S. The Dodd Frank Act affects many aspects, in the U.S. and internationally, of the business of SPL. While many regulations implementing various provisions of the Dodd Frank Act have been finalized and adopted, some implementing regulations currently exist only in draft form and are subject to comment and revision, and still other implementing regulations have not yet been proposed. It is therefore difficult to predict whether and to what extent the SPL CLOs and the businesses of SPL and its subsidiaries and affiliates, will be affected by the Dodd Frank Act as implementing regulations are finalized over time and come into effect.

Pursuant to the Dodd Frank Act, the CFTC has promulgated a range of regulatory requirements that may affect the pricing, terms and compliance costs associated with derivatives contracts that may be entered into by a SPL CLO from time-to-time. Such regulations may require central clearing of derivatives trades with a derivatives clearinghouse organization, may mandate initial and variation margin requirements, and may increase reporting obligations, documentation responsibilities and other matters in respect of derivatives contracts, in each case, potentially resulting in significantly increased costs to the SPL CLOs. Such regulation and related increased costs may lead to a SPL CLO's inability to purchase additional collateral obligations or have unforeseen legal consequences on an SPL CLO or have other material adverse effects on the SPL CLOs or investors therein. In addition, CFTC rules under the Dodd Frank Act include "swaps" along with "futures" as contracts which if traded by an entity may cause that entity to fall within the definitions of a "commodity pool" or "commodity trading advisor" under the Commodities Exchange Act and SPL to fall within the definition of a "commodity pool operator" ("CPO") and/or a "commodity trading advisor" ("CTA") with respect to the CLOs.

Each of the SPL Funds has filed for an exemption from registration as a commodity pool operator with the NFA. SPL filed for de-registration from the CFTC as a commodity pool operator and member of the NFA, which is pending final approval. Once SPL's deregistration is approved, it will file an exemption from registration as a CPO with the NFA. No other management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities. Based on applicable CFTC guidance, it is expected that the SPL CLOs will not fall within the definition of "commodity pool". However, no assurance can be given that the SPL CLOs will not be deemed to be commodity pools and that SPL may be required

to bear additional compliance burdens with respect to the rules of the CFTC and/or the National Futures Association (“NFA”) in the future.

On October 21, 2014, the final rules implementing the credit risk retention requirements of Section 941 of the Dodd Frank Act (the “U.S. Risk Retention Rules”) were issued. The U.S. Risk Retention Rules generally require the collateral manager of a collateralized loan obligation to retain not less than five percent of the credit risk of the assets collateralizing the collateralized loan obligation’s securities.

On February 9, 2018, a three-judge panel (the “Panel”) of the United States Court of Appeals for the D.C. Circuit (the “Appellate Court”) ruled in favor of an appeal by the Loan Syndications and Trading Association against the United States Securities and Exchange Commission and the Board of Governors of the Federal Reserve System that managers of so-called “open market CLOs” are not “securitizers” under Section 941 of the Dodd Frank Act and, therefore, are not subject to the U.S. Risk Retention Rules (the “LSTA Opinion”).

On April 5, 2018, the District Court entered its order implementing the appellate mandate issued by the Appellate Court (the “Appellate Mandate”) and vacating the U.S. Risk Retention Rules as they apply to managers of “open market CLOs”. Therefore, the U.S. Risk Retention Rules do not apply to managers of “open market CLOs” (which includes SPL) as of the date hereof, and there may be no “sponsor” of the SPL CLOs and no party may be required to acquire and retain an economic interest in the credit risk of the securitized assets of the SPL CLOs under the U.S. Risk Retention Rules.

Investors in the SPL CLOs will not be entitled to the protections afforded by the U.S. Risk Retention Rules to comply with certain disclosure obligations in the U.S. Risk Retention Rules. The market may face some of the same risk faced by other securitization markets preceding the enactment of the Dodd Frank Act: excessive leverage by borrowers, an insufficient supply of loans, excessive demand in the loan market driven by new offerings, loosening of credit standards due to excessive demand and other similar risks. All of these risks and others could reduce the market value or liquidity of investments in the SPL CLOs. The ultimate effects of the LSTA Opinion are unknown at this time.

In the event that the U.S. Risk Retention Rules are modified to subject collateral managers of open market CLOs to be subject to the requirements of the U.S. Risk Retention Rules, collateral managers (or affiliates of collateral managers) of CLOs would be expected to seek to acquire and hold securities of any CLOs that are subject to the U.S. Risk Retention Rules in order for them to satisfy such 5% holding requirement.

Further developments, if any, to the U.S. Risk Retention Rules and their impact on the CLO market remain uncertain.

European and UK Risk Retention

In Europe and the UK, risk retention and due diligence requirements (together, the “EU/UK Risk Retention and Due Diligence Requirements”) apply in respect of various types of EU or UK regulated investors, as the case may be. Among other things, such requirements restrict an investor who is subject to the EU/UK Risk Retention and Due Diligence Requirements from investing in securitizations unless: (i) the originator has explicitly disclosed that it will retain at least five percent of certain specified tranches; and (ii) is able to demonstrate that the investor performed certain due diligence with respect to its investment. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a punitive capital charge on the notes acquired by the relevant investor. These requirements and any other changes to the regulatory treatment of securitizations may negatively impact the regulatory position of certain investors. In addition, such regulations could have a negative impact on the price and liquidity of the notes offered by a SPL CLO in the secondary market. SPL makes no representation, warranty or guarantee that the offering of any SPL CLO is compliant with the EU/UK Risk Retention and Due Diligence Requirements or any other applicable

legal regulatory or other requirements. There can be no assurances as to whether the EU/UK Risk Retention and Due Diligence Requirements will be amended or altered by a change in law or regulation.

High-Yield Securities

Client Accounts invest in “high yield” bonds and other debt securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Debt securities in the lower categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than debt securities with higher ratings in the case of deterioration or general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated debt securities, the yields and prices of such securities may tend to fluctuate more than those of higher-rated securities. The market for lower-rated debt securities is thinner and less active than that for higher rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower rated debt securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

Distressed Securities

Client Accounts purchase or hold debt securities and other obligations of issuers that are experiencing significant financial distress, including issuers involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these securities and investments ordinarily remain unpaid unless and until the issuer reorganizes and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of time. In some circumstances, such debt securities may be converted to equity as part of the reorganization.

A wide variety of considerations, including, for example, the possibility of litigation between the participants in a reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others may affect the value of these securities and investments. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations which limit the access of SPL to reliable and timely information concerning material developments affecting an issuer, or which cause lengthy delays in the completion of the liquidation or reorganization proceedings.

The level of analytical sophistication, both financial and legal, necessary for successful investment in issuers experiencing significant financial distress is unusually high. There is no assurance that SPL will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to an issuer in which a Client Account invests, such Client Account may lose its entire investment or may be required to accept cash or securities with a value less than its original investment.

Rating Agencies

Certain of the Client Accounts’ assets, and certain assets relating to certain of the Client Accounts’ assets, have been assigned and will in the future be assigned credit ratings by various rating agencies. The ratings may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of such assets. In addition, such rating agencies could withdraw or change their ratings or could place any such asset on “credit watch” with negative implications. If any such event were to occur, the market value of the applicable assets could fall.

Generally, a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the relevant rating agency at any time. Each rating should be evaluated independently of any other rating.

Asset-Backed Securities-Focused Risks

Asset-Backed Securities

Certain Client Accounts invest in asset-backed securities including, but not limited to, interests in pools of receivables. These securities are in the form of pass-through instruments or asset-backed obligations. The securities, many of which are issued by non-governmental entities and carry no direct or indirect government guarantee, present certain risks primarily because these securities may not have the benefit of a security interest in the related collateral.

Client Account investors and prospective investors in Client Accounts are generally provided with a confidential private placement memorandum, offering circular or other offering documents of the respective Client Account that provide a detailed description of the material risks related to an investment in the Client Account. Such investors are advised to review carefully all risk factors set forth in such documents.

In addition to the types of securities addressed above, SPL makes recommendations with respect to the following:

Fixed Income Obligations

A Client Account's investments in fixed income obligations are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). Changes in interest rates may cause a decline in the market value of an investment. With bonds and other fixed income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values. Bonds and other fixed income securities generally involve less market risk than stocks. However, the risk of bonds can vary significantly depending upon factors such as the issuer and maturity. For example, the issuer of a security or the counterparty to a contract may default or otherwise become unable to honor a financial obligation. The bonds of some companies may be riskier than the stocks of others.

Foreign Securities

Client Accounts invest in securities and other instruments of foreign corporations and foreign countries. Investing in such securities involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. government, including, among other things: political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the smaller size of the securities markets in such countries and the lower volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; imposition of withholdings and other taxes; and certain government policies that may restrict the Client Account's investment opportunities. In addition, accounting and financial reporting standards that prevail in many foreign countries are not equivalent to U.S. standards and, consequently, less information may be available to investors in companies located in foreign countries than is available to investors in companies located in the U.S. There is also less regulation, generally, of the securities markets in many foreign countries, even developed countries, than in the U.S.

Convertible Securities

Client Accounts invest in convertible securities. Convertible securities provide higher yields than the underlying equity securities, but generally offer lower yields than non-convertible securities of similar quality. The value of convertible securities fluctuates, as do bonds, in relation to changes in interest rates and, in addition, fluctuates in relation to the underlying common stock.

Derivatives

Client Accounts invest in derivative financial instruments. Derivative financial instruments include futures, options, interest rate swaps, rate locks, forward currency contracts and credit derivatives such as credit default swaps. In addition, Client Accounts from time to time utilize both exchange-traded and over-the-counter futures, options and contracts for differences, as part of its investment strategy and for hedging purposes, as well as other derivatives. Regulatory restraints may restrict the instruments that a Client Account may trade. Such derivative instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

The trading of over-the-counter derivatives subjects a Client Account to a variety of risks including: (i) counterparty risk, (ii) basis risk, (iii) interest rate risk, (iv) settlement risk, (v) legal risk, and (vi) operational risk. Counterparty risk is the risk that one of a Client Account's counterparties might default on its obligation to pay or perform generally on its obligations. Basis risk is the risk that the normal relationship between two prices might move in opposite directions. Interest rate risk is the general risk associated with movements in interest rates. Settlement risk is the risk that a settlement in a transfer system does not take place as expected. Legal risk is the risk that a transaction proves unenforceable in law or because it has been inadequately documented. Operational risk is the risk of unexpected losses arising from deficiencies in a firm's management information, support and control systems and procedures. Transactions in over-the-counter derivatives may involve other risks as well, as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

Options

Client Accounts engage in the trading of options. Such trading involves risks substantially similar to those involved in trading margined securities in that options are speculative and highly leveraged. Specific market movements of the securities underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.

Debt Securities

Client Accounts invest in unrated or below investment grade debt securities which are subject to greater risk of loss of principal and interest than higher-rated debt securities. Client Accounts invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. Client Accounts invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Lower or unrated securities are more likely to react to developments affecting market and credit risk than are more highly rated securities, which primarily react to movements in the general level of interest rates. Investors should

be aware that ratings are relative and subjective and are not absolute standards of quality. Subsequent to its purchase by a Client Account, an issue of securities may cease to be rated or its rating may be reduced. Neither event will require sale of such securities by a Client Account, although SPL will consider such event in its determination of whether a Client Account should continue to hold the securities. The market value of securities in lower-rated categories is more volatile than that of higher quality securities. In addition, a Client Account may have difficulty disposing of certain of these securities because there may be a thin trading market. The lack of a liquid secondary market for certain securities may have an adverse impact on a Client Account's ability to dispose of such securities and may make it more difficult for a Client Account to obtain accurate market quotations for purposes of valuing the Client Account and calculating its net asset value.

Loan Participations and Assignments

Client Accounts invest in fixed- and floating-rate loans, which investments generally are in the form of loan participations and assignments of portions of such loans. Participations and assignments involve credit risk, interest rate risk, liquidity risk, and the risks of being a lender. Participations in commercial loans may be secured or unsecured. Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks, other financial institutions, or lending syndicates. Client Accounts invest in funded term loans through participations and assignments. When purchasing loan participations, a Client Account assumes the credit risk associated with the corporate borrower and may assume the credit risk associated with an interposed bank or other financial intermediary and may only be able to enforce its rights through the lender and may assume the credit risk of the lender in addition to the borrower. The participation interests in which a Client Account invests may not be rated by any nationally recognized rating service.

Investments in loans through a direct assignment of a financial institution's interests with respect to the loan may involve additional risks to a Client Account. For example, if a loan is foreclosed, a Client Account could become part owner of any collateral and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that, under emerging legal theories of lender liability, a Client Account could be held liable as a co-lender. It is unclear whether loans and other forms of direct indebtedness offer securities laws protections against fraud and misrepresentation. In the absence of definitive regulatory guidance, a Client Account relies on SPL's research in an attempt to avoid situations where fraud or misrepresentation could adversely affect the Client Account.

Structural Subordination of Equity Interests

Client Accounts hold equity interests in SPVs, in some cases alongside other Client Accounts or third-party investors. In connection with such investments, the equity interests held by a Client Account may not be secured by the assets of the SPVs, and such a Client Account will rank behind all known or unknown creditors, whether secured or unsecured, of the SPVs. No person or entity other than the SPV will be required to make any distributions on the equity interests, and payments from the SPV on its common or preferred shares or other equity interests will be subordinate to payments on its debt. Therefore, to the extent that any losses are incurred by the SPV in respect of any collateral, such losses will be borne first by the invested Client Account and its co-investors as holders of common or preferred shares or other equity interests.

Cross-Class Liabilities in Connection with Equity Investments

Client Accounts invest in SPVs alongside other Client Accounts or third-party investors, where such investors hold different classes or series of equity interests that correspond to separate underlying investments. However, in most cases, the SPV will be a single legal entity and there will be no limited recourse protection for any class or series. Accordingly, all of the assets of the SPV will be available to

meet all of its liabilities regardless of the class or series to which such assets or liabilities are attributable. In practice, cross-class or cross-series liability is only expected to arise where liabilities referable to one class or series are in excess of the assets referable to such class or series and it is unable to meet all liabilities attributed to it. In such a case, the assets of the SPV attributable to other classes or series may be applied to cover such liability excess and the value of the contributing classes or series will be reduced as a result.

Client Account investors and prospective investors in Client Accounts are generally provided with a confidential private placement memorandum, offering circular or other offering documents of the respective Client Account that provide a detailed description of the material risks related to an investment in the Client Account. Such investors are advised to review carefully all risk factors set forth in such documents.

Item 9 – Disciplinary Information

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

SPL is obligated to disclose legal or disciplinary events that would be material to a client's or prospective client's evaluation of SPL's advisory business or the integrity of its management. SPL does not have any such legal or disciplinary events to report.

In the interests of transparency regardless of materiality, SPL has included the details of a violation charge it received from a Norwegian regulator immediately below.

Finanstilsynet, the Financial Supervisory Authority of Norway (FSA), decided to impose a violation charge on SPL (which was known as BlueMountain Capital Management, LLC at such time) pursuant to section 4-3 and section 17-4 of the Norway Securities Trading Act (NSTA). The violation charge relates to the late notification of a purchase of a Norwegian-listed stock that resulted in the relevant aggregate holdings of such stock across SPL-advised funds (20.06% of shares outstanding) exceeding the 20% reporting threshold. SPL had previously timely made the appropriate filing when it crossed the 15% threshold; however, due to an internal oversight, it was delayed in making the appropriate filing upon crossing the 20% threshold. The 20% threshold was surpassed on December 9, 2014. SPL identified its error on January 9, 2015 and made the requisite filing immediately thereafter. Due to filing after the close of trading on January 9, 2015, the notification was not published until Monday January 12, 2015. The penalty paid to the Norwegian Treasury was 200,000 Norwegian Krone (\$24,198 at the time of payment).

Item 10 – Other Financial Industry Activities and Affiliations

Neither SPL nor any of their management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Affiliates of SPL serve as general partner of SPL Funds organized as limited partnerships. With respect to SPL Funds organized as foreign companies, some members of the board of directors (and in some cases, a majority of such members) of such companies are SPL personnel or personnel of an SPL affiliate.

SPL and its related persons have established a number of limited partnerships and companies suitable for investment by sophisticated individuals and entities meeting certain eligibility requirements.

SPL is the investment adviser to the following SPL Funds:

- SOUND POINT ASSET BACKED INCOME FUND (US) L.P., a Delaware limited partnership
- SOUND POINT GLS FUND L.P., a Delaware limited partnership
- SOUND POINT GLS FUND PV L.P., a Delaware limited partnership
- BLUEMOUNTAIN MONTENVERS MASTER FUND SCA SICAV-SIF, a Luxembourg domiciled investment company with variable share capital (*société d'investissement à capital variable*) organized as a specialized investment fund (*fonds d'investissement spécialisé*) in the form of a corporate partnership limited by shares (*société en commandite par actions*)
- BLUEMOUNTAIN MONTENVERS FUND L.P., a Delaware limited partnership and feeder fund to BLUEMOUNTAIN MONTENVERS MASTER FUND SCA SICAV-SIF
- BLUEMOUNTAIN MONTENVERS FUND SCA SICAV-SIF, a Luxembourg domiciled investment company with variable share capital (*société d'investissement à capital variable*) organised as a specialized investment fund (*fonds d'investissement spécialisé*) in the form of a corporate partnership limited by shares (*société en commandite par actions*) and feeder fund to BLUEMOUNTAIN MONTENVERS MASTER FUND SCA SICAV-SIF

SPL is the collateral manager to the following SPL CLOs:

- BLUEMOUNTAIN CLO 2012-2 LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO 2013-1 LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO 2014-2 LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO 2015-2 LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO 2015-3 LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO 2015-4 LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO 2016-1 LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO 2016-2 LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO 2016-3 LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO 2018-1 LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO 2018-2 LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO 2018-3 LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO XXII LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO XXIII LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO XXIV LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO XXIX LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO XXV LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO XXVI LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO XXVIII LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO XXX LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO XXXI LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO XXXII LTD., a Cayman Islands exempted company

- BLUEMOUNTAIN CLO XXXIII LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO XXXIV LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN CLO XXXV LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN EUR 2021-1 CLO DAC, an Irish Designated Activity Company
- BLUEMOUNTAIN EUR 2021-2 CLO DAC, an Irish Designated Activity Company
- BLUEMOUNTAIN EUR 2022-1 CLO DAC, an Irish Designated Activity Company

SPL is the sub-advisor to BlueMountain Fuji Management LLC, the collateral manager to the following Fuji CLOs:

- BLUEMOUNTAIN CLO 2013-2 LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN EUR CLO 2016-1 DAC, an Irish Designated Activity Company
- BLUEMOUNTAIN FUJI EUR CLO II DAC, an Irish Designated Activity Company
- BLUEMOUNTAIN FUJI EUR CLO III DAC, an Irish Designated Activity Company
- BLUEMOUNTAIN FUJI EUR CLO IV DAC, an Irish Designated Activity Company
- BLUEMOUNTAIN FUJI EUR CLO V DAC, an Irish Designated Activity Company
- BLUEMOUNTAIN FUJI US CLO I LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN FUJI US CLO II LTD., a Cayman Islands exempted company
- BLUEMOUNTAIN FUJI US CLO III LTD., a Cayman Islands exempted company

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

- BLUEMOUNTAIN MONTENVERS GP S.A.R.L., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, which acts as general partner, and provides advisory and other services to BlueMountain Montenvers Master Fund SCA SICAV-SIF and BlueMountain Montenvers Fund SCA SICAV-SIF
- BLUEMOUNTAIN MONTENVERS GP, LLC, a Delaware limited liability company, which serves as general partner, and provides advisory and other services to, BlueMountain Montenvers Fund L.P.
- BLUEMOUNTAIN MONTENVERS HOLDINGS, LLC holds the carry share for BlueMountain Montenvers Master Fund SCA SICAV-SIF but does not provide investment advisory.
- SOUNDPOINT ASSET BACKED GP, LLC, a Delaware limited liability company, which serves as general partner, and provides advisory and other services to Sound Point Asset Backed Income Fund (US) L.P.
- SOUNDPOINT GLS GP, LLC, a Delaware limited liability company, which serves as general partner, and provides advisory and other services to Sound Point GLS Fund L.P. and Sound Point GLS Fund PV L.P.

Other Affiliations

SPL is wholly owned by Sound Point, an SEC-registered investment adviser. Sound Point is a privately-owned asset management firm with investment strategies that concentrate on performing credit and collateralized loan obligations, opportunistic credit, structured credit, specialty finance and marketplace lending, and commercial real estate credit, utilizing a fundamental and research-intensive approach to investing.

SPL depends on Sound Point to provide shared employees and back-office and administrative services pursuant to one or more services agreement. As such, SPL will be dependent on one of its affiliates for certain important services, which presents conflict of interest with respect to the devotion of time and resources to SPL.

SPL's investment professionals simultaneously manage portfolios for Client Accounts that implement comparable investment strategies. In addition to managing the Client Accounts' portfolios, such professionals manage the portfolios of Fuji CLOs as well as CLOs managed by Sound Point and SP C-MOA. The simultaneous management of these different investment products creates certain potential conflicts of interest and the possibility of favorable or preferential treatment of a portfolio or a group of portfolios, as the fees for the management of certain types of products are higher than others or the investors in a certain portfolio or group of portfolios are subsidiaries of Sound Point or an affiliated entity thereof. Because side-by-side management raises such issues, and because SPL has an affirmative duty to treat its Client Accounts fairly and equitably over time, SPL has instituted controls, including its allocation guidelines, in an effort to ensure that it fulfills this duty.

SP C-MOA, which is under common control with SPL, is an SEC registered investment adviser. SP C-MOA provides collateral management services to certain CLOs managed by Sound Point. SP C-MOA also manages a proprietary account to meet the requirements of European risk retention rules and securitization regulation. The proprietary account's primary investment objective and investment assets are substantially the same as the CLOs managed by C-MOA, which will cause conflicts of interest. Sound Point also provides SP C-MOA with shared employees, credit research services and back-office and administrative services pursuant to one or more staffing and services agreements, which will cause conflicts of interest with respect to allocation of time and resources. In acting on behalf of SP C-MOA, shared employees of Sound Point will be subject to the supervision and control of SP C-MOA. More information on the business practices and conflicts of interests associated with SP C-MOA are provided in the separate Form ADV Part 2A brochure for SP C-MOA.

SPCREF, which is under common control with SPL, is an SEC-registered investment adviser. SPCREF manages separately managed accounts investing in commercial real estate strategies. Sound Point also provides SPCREF with shared employees and back-office and administrative services pursuant to one or more staffing and services agreements, which will cause conflicts of interest with respect to allocation of time and resources. In acting on behalf of SPCREF, shared employees of Sound Point will be subject to the supervision and control of SPCREF. More information on the business practices and conflicts of interests associated with SPCREF are provided in the separate Form ADV Part 2A brochure for SPCREF.

SPL is also under common control with CRE and SPCRE, each of which sub-advises one or more real estate investment trusts and has filed with the SEC as an Exempt Reporting Adviser.

These affiliates listed above may give investment advice to their respective clients or take action that may differ from, conflict with, or be adverse to, advice given, or actions taken for SPL's Client Accounts and the Fuji CLOs. Further, certain affiliates may invest in, on behalf of themselves, assets that may be appropriate for, are held by, or may fall within the investment guidelines for a Client Account or Fuji CLO. These activities will subject SPL and its affiliates to conflicts of interest. SPL will disclose relevant conflicts of interest to its Client Accounts, Fuji CLOs and investors and seek to mitigate and/or resolve conflicts in a manner that is fair and equitable.

SPL's de-registration from the CFTC as a commodity pool operator and member of the NFA is pending final approval. Each of the SPL Fund has filed an exemption as a commodity pool with the NFA. Once SPL's deregistration is approved, it will file an exemption from registration as a CPO with the NFA. No other management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

SPL affiliates and employees from time-to-time purchase interests in certain SPL Funds, and in some situations investments by such parties are subject to, and in other situations investments by such parties are not subject to, the management fees or performance-based fees described in **Item 5**, above. The offering

memorandum of each SPL Fund that is provided to each potential investor discloses this fact. In a certain limited number of cases, a Client Account holds an interest in another Client Account other than in the context of a master feeder relationship.

In certain cases, a Client Account (the “Investing Fund”) will invest directly in another Client Account or the Client Account of a related investment adviser, including BlueMountain Fuji. While such arrangements generally will not subject the Investing Fund to additional management fees, incentive fees or incentive allocations payable to SPL or its affiliates, in certain cases, such fees, allocations and related costs will accrue to the Investing Fund on an incremental and indirect basis.

From time to time, Client Accounts invest in other portfolio companies, including (by way of example and without limitation) loan servicing, appraisal, consulting, advisory and management firms, that in turn provide financial services to Client Accounts and/or investments held by Client Accounts. While SPL’s investment allocation procedures are intended to ensure that investment opportunities are allocated on a fair and equitable basis between various accounts it advises, a given Client Account may receive a greater incremental benefit by virtue of its investment in such a portfolio company than another Client Account.

As discussed in **Item 4** (Advisory Business), Assured Guaranty Ltd. (“AGL”) has an indirect ownership interest in SPL through its minority ownership interest in Sound Point. AGL from time-to-time provides credit protection in respect of certain tranches of collateralized loan obligations. To the extent AGL provides such credit protection on any tranche(s) of an SPL CLO, AGL may have interests with respect to certain tranches of the SPL CLO that are adverse to interests of holders of other tranches within such SPL CLO. Similarly, a Client Account may hold debt of issuers that have issued debt of another class that is insured by AGL. SPL is operationally independent of AGL, who does not have authority over the day-to-day operations or investment decisions of SPL, who, subject to its policy on conflicts of interest, seeks to act in the best interest of its Client Accounts.

BlueMountain Fuji

BlueMountain Fuji is independently registered as an investment adviser with the SEC and serves as collateral manager to the Fuji CLOs. With respect to the Fuji CLOs, BlueMountain Fuji typically receives management fees and performance compensation.

Client Accounts investing directly in Fuji CLOs will bear their proportionate share of any such collateral management fees and performance compensation payable to BlueMountain Fuji.

BlueMountain Fuji has engaged SPL to provide non-discretionary investment advice to the Fuji CLOs as well as certain operational, administrative and compliance related services and personnel to BlueMountain Fuji, including, without limitation, personnel that act as BlueMountain Fuji’s portfolio managers and chief compliance officer, in exchange for a fee.

SPL and BlueMountain Fuji share certain personnel with Sound Point. Investment professionals associated with SPL and Sound Point are actively involved in other investment activities not concerning the Client Accounts and therefore are not able to devote all of their time to the Client Accounts’ business and affairs.

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

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

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

SPL's Code of Ethics has specific provisions relating to identifying potential conflicts of interest. The provisions prohibit an access person from directing client transactions for the purpose of obtaining a personal benefit. They also generally prohibit personal business dealings with clients or investors without the prior approval of the Chief Compliance Officer or such officer's designee. The Code of Ethics includes provisions relating to accepting offers of gifts or entertainment from third parties.

From time to time, SPL and its affiliated advisors under common control with Sound Point will come into possession of material, non-public information. As a result of Sound Point's open environment, the receipt of such information by SPL or any of its affiliated advisors will restrict all Client Accounts and therefore, Client Accounts will not be able to initiate a transaction that it otherwise might have initiated and will not be able to sell an investment that it otherwise might have sold. SPL is permitted to may establish ad hoc information barriers to manage the flow of material, non-public information on an as needed basis.

All violations of the Code of Ethics must be promptly reported to the Chief Compliance Officer, who is primarily responsible for administering and enforcing SPL's Code of Ethics. A violation of the Code of Ethics will generally result in the imposition of disciplinary and remedial measures, including, without limitation, disorgement, or termination.

SPL will provide a complete copy of the Code of Ethics to any investor in or prospective investor in a Client Account upon request. Such requests may be addressed to Andrea Sayago, Chief Compliance Officer, at 212-895-2280 and/or at compliance@soundpointcap.com.

Conflicts of Interest

SPL has adopted a policy intended to detect and prevent conflicts of interest that arise when SPL's related persons own, buy or sell securities. SPL's personal securities transaction pre-clearance and reporting requirements are described above.

The fact that SPL's related persons, in their capacities as general partners of certain Client Accounts, and Sound Point's employees and other related persons, have significant financial ownership interests in certain Client Accounts creates a potential conflict in that it could cause SPL to make different investment decisions than it would if such parties did not have such financial ownership interests. SPL may have an incentive to favor accounts in which such persons have an interest with respect to trading opportunities, trade allocation and allocation of investment opportunities.

Covered Persons are permitted to make securities transactions in their personal accounts, subject to certain limitations (including those discussed above). This presents potential conflicts in that a Covered Person could make improper use of information regarding a Client Account's holdings or future transactions, or research paid for by the Client Accounts. SPL manages the potential conflicts of interest inherent in Covered Person trading by strict enforcement of the Code of Ethics, which includes pre-clearance and reporting requirements as described above.

Potential Conflicts arising among Client Accounts, in general

SPL and its affiliates and employees engage in other activities, including providing investment management and advisory services to the Client Accounts and other accounts, and shall not be required to refrain from any activity, to disgorge profits from any such activity or to devote all or any particular amount of time or effort of any of their officers, directors or employees to a Client Account or Fuji CLO and its affairs or to another Client Account. Such other accounts may pursue a substantially similar investment strategy as the strategy for a Client Account.

In addition, SPL may have a conflict of interest in rendering advice to a particular Client Account because the financial benefit from managing such Client Account is greater (*e.g.*, such account generates higher fees or allocations tied to either higher percentages earned or larger amounts of capital investment by Sound Point or its affiliates), which may provide an incentive to favor the other account. Sound Point and its respective members, officers and employees will devote as much of their time to the activities of a Client Account or Fuji CLO as SPL deems necessary and appropriate.

Additional conflicts are present in connection with the receipt by SPL or an affiliate of management and performance-based fees. Except inasmuch as performance affects asset size and thus the amount of the management fee, management fees are payable without regard to the overall success or income earned by Client Accounts and therefore may create an incentive on the part of SPL to raise or otherwise increase assets under management to a higher level than would be the case if SPL were receiving a lower or no management fee. Performance-based fees also create certain inherent conflicts of interest with respect to SPL's management of assets. Specifically, SPL's entitlement to a performance-based fee in managing one or more accounts may create an incentive for it to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation.

SPL mitigates these conflicts through disclosure in this Brochure; however, there is no assurance that SPL will resolve all conflicts of interest in a manner that is favorable to a particular Client Account.

Potential Conflicts arising from Allocation of Investments among Client Accounts

Allocation of investment opportunities among Client Accounts with similar investment criteria will be made in a manner that Sound Point believes is fair and equitable to such Client Accounts under the circumstances

existing at such time. When the purchase and sale of securities is considered to be in the best interest of more than one Client Account, investments will generally be made proportionately based on the respective net assets of each entity subject to the Allocation Factors below and the securities to be purchased or sold may be aggregated in order to obtain superior execution and/or lower brokerage expenses. Because SPL's investment strategies partially overlap, at times SPL will not be able to allocate trades pro rata. See "Aggregation of Transaction" in **Item 12** (Brokerage Practices), below.

SPL from time to time modifies pro rata allocations to give priority to certain Client Accounts based on the following Allocation Factors: the Client Accounts' liquidity needs, size, objectives (including those set forth in the relevant Client Account's or Fuji CLO's governing documents, where applicable), differences with respect to available capital (including lack of capital in drawdown-style Funds), risk profile, time horizon (including "ramping" accounts), tax sensitivity, tolerance for turnover, asset composition and cash level, the specifics of the investment opportunity (including the size and/or minimum investment amounts and applicable holding period), and applicable legal or regulatory restrictions. Execution prices for identical securities purchased or sold on behalf of multiple accounts in any one business day may be averaged.

For newly issued loans, there are generally a lag between the date SPL communicates its interest to purchase ("Indication of Interest Date") and the date SPL confirmed its allocation from the underwriter or agent of the new issue ("Trade Date"). Since Client Accounts and Fuji CLOs' circumstances may fluctuate between the Indication of Interest Date and Trade Date, including but not limited to cash availability, investment guidelines cushion, and new and ramping Client Accounts, SPL permits iterations to any soft allocation made prior to the Trade Date. When SPL receives a partial, non-divisible allocation of securities, or when certain investments such as bespoke whole commercial real estate loan investments are not divisible and cannot be allocated pro rata as a general matter, Client Accounts will participate according to a pre-determined rotation. SPL periodically reviews allocation of investment opportunities and sequencing of transactions to determine whether each Client Account and Fuji CLO is treated fairly.

SPL may cause certain Client Accounts to have exposure to issuers to which Sound Point or other affiliated entities have exposure. These issuers may include the CLOs, the Fuji CLOs, Sound Point CLOs as well as third-party issuers. Assured Guaranty Ltd., who holds an indirect minority ownership interest in SPL, may from time to time provide credit protection in respect of certain tranches of collateralized loan obligations. To the extent Assured Guaranty Ltd. provides such credit protection on any tranche(s) of a collateralized loan obligation, Assured Guaranty Ltd. may have interests with respect to certain tranches of the collateralized loan obligation that are adverse to interests of holders of other tranches within such collateralized loan obligation. Similarly, a Client Account may hold debt of issuers that have issued debt of another class that is insured by Assured Guaranty Ltd. SPL is operationally independent of Assured Guaranty Ltd., who does not have authority over the day-to-day operations or investment decisions of SPL who, subject to its policy on conflicts of interest, seeks to act in the best interest of its Client Accounts.

For follow-on financing related to distressed or restructured assets, please refer to the allocation conflicts discussed below under ***Potential Conflicts arising from the Type of Investments held in Client Accounts***

Conflicts may arise in allocation of investments among unrelated Client Accounts, on the one hand, and affiliated Client Accounts, on the other hand.

Potential Conflicts arising from Varying Transactions and Strategies in Client Accounts

SPL can engage in securities transactions and investment strategies, including the use of derivatives, for one Client Account that may differ from the transactions and strategies executed on behalf of another Client Account. Examples of such instances include, but not limited to, instances where: (1) SPL holds a long position for one Client Account and a short position of the same issuer for another Client Account, (2) SPL invests in certain securities or loan instruments of a particular issuer for one Client Account and invests in

a different part of the same issuer's capital structure for another Client Account; (3) SPL continues to purchase different classes of debt of the same issuer and/or debt and equity of the same issuer for different Client Accounts; (4) SPL acquires different classes, series or tranches of an issuer's capital structure at different times for different Client Accounts. Additionally, SPL may hold the same security in accounts for different Client Accounts but come to a different investment conclusion for different Client Accounts with respect to said security (potentially because of different risk tolerance, liquidity needs or other factors). Sound Point's Conflicts Committee reviews on a regular basis, among other things, all holdings across different Client Accounts where there are investments in disparate parts of an issuer's capital structure in an effort to anticipate and monitor where these potential conflicts of interest could give rise to an actual conflict of interest.

Covered Persons may trade in securities for their own accounts, subject to restrictions and reporting requirements as may be required by law or otherwise determined from time to time by SPL. As a result of differing trading and investment strategies or constraints, SPL may make trades in some Client Accounts that are the same as, different from, or made at a different time than other Client Accounts. See **Item 11** (Code of Ethics Participation or Interest in Client Transactions and Personal Trading). Some Covered Persons also invest in Client Accounts. SPL has a conflict of interest when its officers and directors invest in its funds, as it may have an incentive to favor them over other investors. SPL mitigates this conflict by prohibiting officers and directors from withdrawing all or a part of their investment except on dates when all investors are permitted to withdraw capital from a fund, and through disclosure in this Brochure.

Potential Conflicts arising from Participation in Creditors' Committees or Ad Hoc Lenders Groups

SPL (and/or its affiliates Sound Point, SP C-MOA, and BlueMountain Fuji) will from time to time participate in creditors' committees or ad hoc lenders groups with respect to the bankruptcy, restructuring or workout of borrowers (or issuers) held in Client Accounts, Sound Point CLOs and Fuji CLOs. In such circumstances, SPL (and/or its affiliated advisors noted above) may take positions on behalf of certain Client Accounts (including Fuji CLOs and Sound Point CLOs) or be privy to information that restricts its ability to trade on behalf of any Client Account (including Fuji CLOs and Sound Point CLOs), thereby creating a situation that is adverse to the interest of certain Client Accounts, Fuji CLOs or Sound Point CLOs. Further, participation in such sub-group of lenders may grant SPL (and/or its affiliated advisors noted above) priority rights to invest in additional financing, which is not allocated pro rata among Client Accounts, Sound Point CLOs or Fuji CLOs for various reasons such as, but not limited to, cash or investment guidelines restrictions.

Potential Conflicts arising from Valuation

SPL has certain responsibilities to value assets of the certain Client Accounts, and it may have a conflict of interest with investors because it or its affiliate's receipt of the management fees and performance-based compensation may give it an incentive to value such assets at a higher valuation. SPL seeks to mitigate this conflict through disclosure on this Brochure.

SPL may value the same asset differently across various Client Accounts as a result of differing valuation policies of such Client Accounts.

SPL may enter into agreements with third-party service providers who are affiliated with Stone Point and/or Blue Owl, companies that have minority ownership in Sound Point but not involved in the day-to-day management of Sound Point. Sound Point will allocate expenses related to such third-party service providers in accordance with its expense allocation policy, which may result in Client Accounts bearing their pro-rata share of such expenses.

Potential Conflicts arising from Side Letters or Other Agreements

SPL may enter into side letters or other agreements granting more favorable rights or terms to certain investors of clients, including but not limited to, SPL's affiliates, strategic investors in Client Accounts, and anchor investors in SPL Funds or SPL CLOs. Without limiting the foregoing, such agreements may create special rights with respect to future investment capacity, special liquidity or withdrawal rights, rights to receive additional or more specialized reports, and agreements resulting in different investors in the same Client Accounts charged different fees. In sum, these agreements could create preferences or priorities for certain investors or Client Accounts as compared to others.

Potential Conflicts arising from Related or Proprietary Accounts

Certain Client Accounts (including clients of SPL's affiliated advisors) invest in SPL CLOs as part of their strategy. In the event such SPL CLOs solicit consents from their investors in matters that will directly or indirectly benefit SPL (e.g., resets, revised collateral management fees), SPL will consent on behalf of the afore-mentioned Client Accounts as part of its discretionary investment management authority and effectively voting for its own self-interest.

Sound Point seeks to mitigate these conflicts through this disclosure.

From time to time, SPL will cause a Client Account to buy or sell securities directly from or to another Client Account or a client of an affiliated investment adviser (*i.e.*, Sound Point). With respect to any such transaction (i) the transaction must be effected at a price that is fair to Client Accounts on both sides of the trade, (ii) neither SPL nor any of its affiliates may receive any compensation for effecting the trade and (iii) the trade must be in the best interests of both Client Accounts. It is SPL's policy to provide notice of any such transaction to the governing board of the Client Accounts involved therein.

Other Conflicts

As described above in **Item 10**, SPL serves as the investment manager or collateral manager to its Client Accounts, and its related person serve, directly or through a controlled subsidiary, as general partner of Client Accounts organized as limited partnerships. With respect to each Client Account organized as a foreign company, Sound Point personnel typically serve on the board of directors of such company along with independent directors.

Sound Point employees or other related persons have and may again purchase interests in one or more SPL Funds, and in some situations investments by such parties are subject to, and in other situations investments by such parties are not subject to, the management fees and performance-based fees described above in **Item 5**. The offering memorandum of the applicable SPL Fund provided to each potential investor discloses this fact.

From time to time, SPL engages in principal transactions (*i.e.*, transactions where an adviser, acting as principal for its own account or that of an affiliate deemed proprietary to SPL, buys from or sells any security to a client's account). Under certain circumstances, a cross trade with a fund in which SPL and/or its controlling persons hold in excess of 25% of the interests may be deemed to be a principal transaction under Section 206(3) of the Advisers Act. The Chief Compliance Officer (or their designee) may approve such deemed principal transactions provided that any such transaction is effected in compliance with Section 206(3) of the Advisers Act. With respect to any such transaction, prior to its completion, SPL must disclose to the client in writing the capacity in which SPL is acting (and any other requisite disclosures pursuant to Section 206(3) of the Advisers Act) and obtain the client's consent to the transaction. In cases where the client is a Client Account, such disclosure may be made to, and consent to the transaction may be obtained from, (i) the board of directors or board of managers of the Client Account (or general partner

of the Client Account), as applicable, provided that (a) the applicable board includes one or more members who are independent of SPL, and (b) the consent of the board includes the unanimous consent of all such independent members; or (ii) if the Client Account does not have a board of directors or board of managers, an independent third-party and/or advisory committee made up of certain investors in such Client Account (or the representatives of such investors). In addition to the foregoing, with respect to certain Client Accounts, (i) a committee made up of representatives of certain investors in each such Client Account is authorized to consider and consent to certain transactions set forth in the offering documents of each such Client Account, and (ii) the offering documents of each such Client Account specifically set forth certain transactions which are approved by each investor in such Client Account at the time of its investment in the Client Account. It is SPL's policy that it will not effect any agency cross transactions for Client Accounts.

For SPL CLOs intended to comply with the EU/UK Risk Retention and Due Diligence Requirements, SPL intends to originate a portion of the loans which are ultimately held by the SPL CLOs. For purposes of the foregoing, the origination of a loan includes (i) loans with respect to which SPL was directly or indirectly involved in the original agreement which created such loans and (ii) loans that SPL agreed to purchase from the relevant SPL CLO in the event that such loan failed to meet the applicable eligibility criteria during a specified seasoning period for a price equal to that which the SPL CLO committed to pay to purchase such loan. It is expected that such purchases by SPL will constitute principal transactions and will be subject to the restrictions on principal transactions discussed above. Further, pursuant to the U.S. Risk Retention Rules and the EU/UK Risk Retention and Due Diligence Requirements, SPL owns an interest in each SPL CLO it advises to the extent required by such rules.

Item 12 – Brokerage Practices

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

When evaluating counterparties for loan transactions, SPL will frequently favor the agent/sponsor of a particular transaction where the price is consistent across such counterparties.

Soft Dollars

SPL has not historically used and does not currently utilize soft dollars. However, SPL generally uses full-service brokers in exchange for research and services. SPL reserves the right to enter into soft dollar arrangements but would expect to do so only to the extent consistent with Section 28(e) of the Securities Exchange Act of 1934 (the “Safe Harbor”). Under the terms of the Safe Harbor, soft dollar credits may only be used to pay for the cost of research, trade execution and other expenses directly related to the investment decision-making process. If soft dollar credits are used in the future, SPL will limit its use of soft dollars to pay for proprietary research and execution services provided by the brokers with whom it executes client transactions. Such products and services may include, among other things, written information and analyses concerning specific securities, companies, or sectors; market, financial and economic studies and forecasts; and statistics and pricing or appraisal services, discussions with research personnel, special execution capabilities, and the availability of stocks to borrow for short sales. Sound Point does not currently use soft dollars to pay for third party research services, including Bloomberg and other data services, provided by brokers. However, certain of the services made available to SPL in connection with its prime brokerage relationships (including access to technology and capital introduction services) may be outside of the safe harbor. If SPL were to enter into soft dollar arrangements that included a product or service obtained with soft dollars that provides both research and non-research assistance to SPL, SPL would make a reasonable allocation of the cost that may be paid with soft dollars.

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

Trade Errors

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

The Chief Compliance Officer (or their designee) reviews the quality of SPL’s execution and the effectiveness of its order execution arrangements and execution policy.

Aggregation of Transactions

From time to time, SPL combines, but is under no obligation to combine, orders on behalf of Client Accounts with orders for other accounts for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, SPL allocates the securities or proceeds arising out of those transactions (and the related transaction expenses) in accordance with its allocation guidelines. Such allocation guidelines are intended to ensure fair and equitable treatment of all Client Accounts (as well as the Sound Point CLOs and Fuji CLOs).

SPL will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek best execution and is consistent with the terms of the investment guidelines and restrictions for each Client Account for which trades are being aggregated. SPL will not receive any additional compensation or remuneration of any kind as a result of the proposed aggregation. While SPL believes combining orders in this way is, over time, advantageous to all participants, in particular cases the average price could be less advantageous to one Client Account than if such Client Account had been the only account effecting the transaction or had completed its transaction before the other participants.

Please see **Item 6** for additional information regarding SPL’s policy with respect to allocation of investment opportunities.

Cross and Principal Transactions

From time to time, SPL will cause a Client Account to buy or sell investments directly from or to another Client Account. Such transactions may be effected through the use of an unaffiliated broker-dealer or may be effected directly between the Client Accounts. SPL may effect a cross transaction or a principal transaction under certain circumstances including, for example, if, as a result of liquidity management, exposure requirements, or other Client Account’s specific factors, SPL determines to reduce one Client Account’s exposure to a particular investment and increase another Client Account’s exposure to that investment. In certain cases, cross transactions are considered principal transactions due to the level of ownership interest or control in the Client Account by SPL or an affiliate thereof.

With respect to any such transaction (i) the transaction must be effected at a price that is fair to clients on both sides of the trade, (ii) neither SPL nor any of its affiliates may receive any compensation for effecting the trade and (iii) the trade must be in the best interests of both Client Accounts. To the extent that a registered investment company is a party to such a transaction, SPL will comply with Rule 17a-7 under the Investment Company Act of 1940, as amended. SPL may execute cross trades without using a broker-dealer

in seeking best execution, thereby not paying a spread for both sides of the trade. SPL will obtain broker quote(s) and/or a third-party pricing provider's valuation, or otherwise adhere to its internal procedures, to determine the cross-trade transactions price.

SPL or an affiliate thereof may be member of a steering committee / ad hoc lenders group or creditors' committee of the borrower (or issuer) contemplated for cross or principal transactions. In effecting cross transactions, rather than selling in the secondary market and decreasing SPL's aggregated investment in the borrower, SPL may maintain its position in the committees to protect the interest of its clients. These committee memberships compound the conflicts of interest inherent in cross and principal transactions

Broker Selection

In selecting broker-dealers and negotiating the fees to be paid to them, SPL takes into consideration the factors described in **Item 12** above. SPL does not consider, in selecting or recommending broker-dealers, whether SPL or its related persons receive client referrals from a broker-dealer or third party.

As part of its broker selection analysis, SPL considers a broker-dealer's ability to provide SPL with the opportunity to participate in capital introduction events sponsored by the broker-dealer and to refer investors to SPL Funds. SPL does not, however, select broker-dealers solely, or even largely, based upon such factors and does not direct Client Account transactions to a particular broker-dealer in return for referrals. SPL recognizes that it may have an incentive to favor broker-dealers that provide capital introduction services to SPL or refer investors to SPL Funds. SPL receives asset-based fees and accordingly would receive a financial benefit from the increase in assets under management that results from capital introduction services and investor referrals. Similarly, SPL receives a performance-based fee and accordingly could receive a larger performance-based fee in any given profit period as a result of an increase in assets under management that results from capital introduction services and investor referrals. The potential for higher fees presents a potential conflict in that SPL has an incentive to favor broker-dealers that provide services that have a direct impact on fees even if those broker-dealers rate unfavorably in other categories that are part of SPL's broker selection analysis. SPL addresses this potential conflict through its broker selection review process, which requires that key SPL individuals look at a broker-dealer's performance in a wide variety of categories. Such reviews allow SPL to determine when broker-dealers that outperform in capital introduction and investor referrals under perform in other areas. In such situations, SPL may provide heightened scrutiny to a relationship with a broker-dealer.

SPL has no directed brokerage arrangements.

Item 13 – Review of Accounts

A portfolio manager of SPL generally reviews the portfolios of each Client Account on a regular and ongoing basis to determine if they are consistent with applicable investment objectives and restrictions. The portfolio managers will also consider whether the portfolio should change investments based on various factors, including but not limited to, changes in company fundamentals, advisers, key industry personnel, analysts, news and press releases, general market conditions and assessment of the financial consequences of world events derived from general information or such other material as is appropriate under the particular circumstances.

Shareholders and limited partners of SPL Funds generally receive unaudited monthly or quarterly written reports describing the performance of such SPL Funds and annual reports containing audited financial statements and other indicia of performance. Investors in the SPL CLOs generally receive reports at such frequency and including such information as is required in the applicable governing documents of such SPL CLOs.

Client Account investors and prospective investors in Client Accounts should refer to the private placement memorandum, offering circular or other offering documents of the respective Client Account for detailed information with respect to the reports they will receive in connection with an investment in such Client Account. The information contained herein is a summary only and is qualified in its entirety by such documents.

Item 14 – Client Referrals and other Compensation

SPL does not receive any monetary compensation or other economic benefit from a non-client in connection with the provision of investment advisory services.

Currently SPL does not have agreements with third party marketers. In the future, SPL could enter into arrangements with third party marketers whereby SPL compensates third parties who introduce SPL Fund investors to SPL. Such compensation typically takes the form of a percentage of the management fees, performance fees and performance allocations received by SPL or its affiliates from such investors. The fees paid to such marketers are borne by SPL, and are not borne by SPL Funds, and in any event such fee arrangements are disclosed to applicable SPL Funds and investors therein. The terms that third party marketer-sourced investors receive are similar to the standard terms that internally sourced investors receive. Such arrangements are considered endorsements and are conducted in a manner that is consistent with Rule 206(4)-1, the new “Marketing Rule” under the Advisers Act of 1940, as amended, and relevant SEC guidance. With respect to each SPL CLO, one or more parties may act as an “initial purchaser” or “placement agent” with respect to such vehicle’s issuance; however, such role terminates at the closing of the SPL CLO, and no compensation paid in connection with such relationship is paid for client referrals.

Item 15 – Custody

Most of SPL's Client Account relationships are structured so that SPL is deemed to have custody of the assets of such Client Accounts under federal securities laws. In those situations, SPL does not have actual physical custody of such Client Accounts' assets; rather, all such assets are held in the name of such Client Account by an independent qualified custodian. Each such Client Account is audited annually, and each such Client Account investor in such Client Account timely receives annual financial statements within 120-days of year-end.

The SPL CLOs, which are trusts, present an exception to this presumption of custody for purposes of federal securities laws because their assets are held in the custody of their respective trustees.

Item 16 – Investment Discretion

SPL provides investment management and supervisory services primarily on a discretionary basis on behalf of its Client Accounts. In addition, SPL provides non-discretionary investment management and supervisory services to BlueMountain Fuji. As described above in **Item 4**, the advisory services provided by SPL are tailored to the investment objectives, investment strategy and investment restrictions, if any, as set forth in the governing documents of Client Accounts and/or the investment management agreement entered into by SPL with such clients. With respect to SPL Funds, SPL does not tailor its advisory services to the individual needs of investors in the SPL Fund and, except as specifically provided in a Side Letter, as described above in **Item 4** does not accept investment restrictions imposed by such SPL Fund investors.

Certain Side Letters permit the excuse and/or exclusion of a particular investor from participating in a particular investment in certain limited circumstances. Client Account investors typically execute a subscription agreement and governing documents of the Client Account in connection with their investment in the SPL Fund that each contain a power of attorney that generally grants an affiliate of SPL certain powers related to the orderly administration of the affairs of the SPL Fund.

Please see **Item 4** for additional information regarding SPL's advisory services.

Item 17 – Voting Client Securities

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

SPL utilizes BroadRidge/ProxyEdge to assist it in coordinating and voting Client Account Proxies. SPL will not vote proxies for which a Client Account has not delegated voting authority to Sound Point.

SPL may have a perceived or real conflict of interest in voting the proxies of issuers that are its clients or investors. Directors and officers of such companies may have personal or familial relationships with SPL, its affiliates and/or their employees that could give rise to potential conflicts of interest. SPL addresses conflicts of interest between its business and its clients by escalating to an internal Conflicts of Interest Committee for review in such a situation.

Clients and investors may obtain information from SPL about how their securities were voted, and also may obtain a copy of SPL's proxy voting policy and procedures, by contacting Andrea Sayago, Chief Compliance Officer, at 212-895-2280 or compliance@soundpointcap.com.

As a general rule, Client Accounts delegate the power to vote such proxies to SPL or the Client Account's general partner (as applicable).

Item 18 – Financial Information

SPL is required in this **Item 18** to provide you with certain financial information or disclosures about SPL's financial condition, if applicable. SPL is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Client Accounts. No member of SPL has been the subject of a bankruptcy petition at any time during the past ten years (or at any time since inception).

Item 19. Requirements for State Registered Advisers

SPL is not registered with any State as an investment adviser.