

ITEM 1
COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE

SILVER POINT CAPITAL, L.P.

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Silver Point Capital, L.P.
Two Greenwich Plaza, First Floor
Greenwich, Connecticut 06830-6353
Tel: (203) 542-4200
Fax: (203) 542-4100
Website: www.silverpointcapital.com

This brochure (this "Brochure") provides information about the qualifications and business practices of Silver Point Capital, L.P. and certain of its affiliates ("Silver Point"). If you have any questions about the contents of this Brochure, please contact us at (203) 542-4200 or info@silverpointcapital.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.

Silver Point is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Silver Point is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2
MATERIAL CHANGES

This is Silver Point's annual updating amendment to its last Brochure, which was filed on March 31, 2023. We have not updated this Brochure since that annual update. While this update to our Brochure contains changes and updates to certain information, we do not feel the changes and updates since we last filed an annual update to our Brochure are material.

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ITEM 4 ADVISORY BUSINESS

Advisory Firm

Silver Point, a Delaware limited partnership, was established in 2001 and serves as the principal vehicle for the investment management activities of its principal owners, Edward A. Mulé and Robert J. O'Shea. Edward A. Mulé and Robert J. O'Shea are both limited partners of Silver Point and members of Silver Point Capital Management, LLC, a Delaware limited liability company that serves as the general partner of Silver Point. Silver Point Capital Management, LLC has ultimate responsibility for the management, operations and the investment decisions made by Silver Point.

Advisory Services

Silver Point or an affiliate serves as the management company with discretionary trading authority to private pooled investment vehicles (each, a "Fund" and collectively, the "Funds"). The Funds include:

1. Silver Point Capital Fund, L.P. (the "Domestic Flagship Fund"), Silver Point Capital Offshore Fund, Ltd. (the "Offshore Flagship Fund") and Silver Point Capital Offshore Master Fund, L.P. (the "Master Flagship Fund") and together with the Domestic Flagship Fund and the Offshore Flagship Fund, the "Flagship Funds"). The Offshore Flagship Fund invests substantially all of its assets in a "master-feeder" structure into the Master Flagship Fund. Silver Point Capital General Partner, LLC (the "Domestic Flagship GP") serves as the general partner of the Domestic Flagship Fund and Silver Point Capital Offshore General Partner, LLC (the "Master Flagship GP") and together with the Domestic Flagship GP, the "Flagship GPs") serves as the general partner of the Master Flagship Fund.
2. Silver Point Select Opportunities Fund A, L.P. (the "Select Opportunities Fund"). Silver Point provides investment advisory services to the Select Opportunities Fund. Silver Point Select General Partner, LLC (the "Select Opportunities GP") serves as the general partner of the Select Opportunities Fund.
3. Silver Point Distressed Opportunities Fund, L.P. (the "Domestic Distressed Opportunities Fund"), Silver Point Distressed Opportunities Offshore Fund, L.P. (the "Offshore Distressed Opportunities Fund") and Silver Point Distressed Opportunities Offshore Master Fund, L.P. (the "Offshore Master Distressed Opportunities Fund") and together with the Domestic Distressed Opportunities Fund and the Offshore Distressed Opportunities Fund, the "Distressed Opportunities Funds"). An affiliate of Silver Point, Silver Point Distressed Opportunities Management, LLC ("Distressed Fund Management"), provides investment advisory services to the Distressed Opportunities Funds. Such affiliate is controlled by Edward A. Mulé and Robert J. O'Shea. Silver Point Distressed Opportunities Onshore General Partner, LLC (the "Domestic Distressed Fund GP") serves as the general partner of the Domestic Distressed Opportunities Fund and Silver Point

Distressed Opportunities Offshore General Partner, LLC (the "Offshore Distressed Fund GP") and together with the Domestic Distressed Fund GP, the "Distressed Fund GPs") serves as the general partner of the Offshore Distressed Opportunities Fund and the Offshore Master Distressed Opportunities Fund.

4. Silver Point Distressed Opportunity Institutional Partners, L.P. (the "Domestic Distressed Institutional Fund"), Silver Point Distressed Opportunity Institutional Partners (Offshore), L.P. (the "Offshore Distressed Institutional Fund") and Silver Point Distressed Opportunity Institutional Partners Master Fund (Offshore), L.P. (the "Offshore Master Distressed Institutional Fund") and together with the Domestic Distressed Institutional Fund and the Offshore Distressed Institutional Fund, the "Distressed Institutional Funds"). Distressed Fund Management provides investment advisory services to the Distressed Institutional Funds. Domestic Distressed Fund GP serves as the general partner of the Domestic Distressed Institutional Fund and Offshore Distressed Fund GP serves as the general partner of the Offshore Distressed Institutional Fund and the Offshore Master Distressed Institutional Fund.
5. Silver Point Specialty Credit Fund II, L.P. (the "Domestic SCF II"), Silver Point Specialty Credit Fund II (Offshore), L.P. (the "Offshore SCF II"), Silver Point Specialty Credit Fund II (Offshore) B, L.P. (the "Offshore SCF II B"), Silver Point Specialty Credit Fund II (Offshore) C, L.P. (the "Offshore SCF II C"), Silver Point Specialty Credit Fund II Mini-Master Fund, L.P. (the "Domestic SCF II Mini-Master") and Silver Point Specialty Credit Fund II Mini-Master Fund (Offshore), L.P. (the "Offshore SCF II Mini-Master") and together with the Domestic SCF II, the Offshore SCF II, the Offshore SCF II B, the Offshore SCF II C and the Domestic SCF II Mini-Master, the "SCF II"). An affiliate of Silver Point, Silver Point Specialty Credit Fund II Management, LLC ("SCF II Management"), provides investment advisory services to the SCF II. Such affiliate is controlled by Edward A. Mulé and Robert J. O'Shea. Silver Point Specialty Credit Fund II General Partner, LLC (the "SCF II GP") serves as the general partner of the SCF II.
6. Silver Point Specialty Credit Silver Star Fund, L.P. (the "Silver Star Fund"). An affiliate of Silver Point, Silver Point Specialty Credit Silver Star Fund Management, LLC ("Silver Star Management"), provides investment advisory services to the Silver Star Fund. Silver Point Specialty Credit Silver Star Fund GP, LLC (the "Silver Star GP") serves as the general partner of the Silver Star Fund.
7. Silver Point Loan Funding, LLC (the "Loan Funding"). An affiliate of Silver Point, Silver Point Loan Funding Management, LLC ("Loan Funding Management"), provides investment advisory services to the Loan Funding and serves as the manager of the Loan Funding.
8. Silver Point CLO 1, Ltd. (the "CLO 1"). An affiliate of Silver Point, Silver Point RR Manager, L.P. (the "RR Manager"), provides investment advisory services to the CLO 1. Philip Jon Le Sueur and Robert Lucas serve as the directors of the CLO 1.

9. Silver Point Specialty Credit Fund III, L.P. (the "Domestic SCF III"), Silver Point Specialty Credit Fund III (Offshore), L.P. (the "Offshore SCF III"), Silver Point Specialty Credit III Master Fund, L.P. (the "Domestic SCF III Master") and Silver Point Specialty Credit III Master Fund (Offshore), L.P. (the "Offshore SCF III Master" and together with the Domestic SCF III, the Offshore SCF III and the Domestic SCF III Master, the "SCF III"). An affiliate of Silver Point, Silver Point Specialty Credit Fund III Management, LLC ("SCF III Management"), provides investment advisory services to the SCF III. Such affiliate is controlled by Edward A. Mulé and Robert J. O'Shea. Silver Point Specialty Credit Fund III Onshore General Partner, LLC (the "Domestic SCF III GP") serves as the general partner of the Domestic SCF III and the Domestic SCF III Master. Silver Point Specialty Credit Fund III Offshore General Partner, LLC (the "Offshore SCF III GP" and together with the Domestic SCF III GP, the "SCF III GPs") serves as the general partner of the Offshore SCF III and the Offshore SCF III Master.

10. Silver Point Distressed Opportunity Institutional Partners II, L.P. (the "Domestic Distressed II Institutional Fund"), Silver Point Distressed Opportunity Institutional Partners II (Offshore), L.P. (the "Offshore Distressed II Institutional Fund"), SP Distressed Opportunity IP II Intermediate, L.P. (the "Distressed II Intermediate Fund"), Silver Point Distressed Opportunity Institutional Partners II Master Fund, L.P. (the "Domestic Master Distressed II Institutional Fund") and Silver Point Distressed Opportunity Institutional Partners II Master Fund (Offshore), L.P. (the "Offshore Master Distressed II Institutional Fund" and together with the Domestic Distressed II Institutional Fund, the Offshore Distressed II Institutional Fund, the Distressed II Intermediate Fund and the Domestic Master Distressed II Institutional Fund, the "Distressed II Institutional Funds"). An affiliate of Silver Point, Silver Point Distressed Opportunity Institutional Partners II Management, LLC ("Distressed II Management"), provides investment advisory services to the Distressed II Institutional Funds. Such affiliate is controlled by Edward A. Mulé and Robert J. O'Shea. Silver Point Distressed Opportunity Institutional Partners II Onshore General Partner, LLC (the "Domestic Distressed Fund II GP") serves as the general partner of the Domestic Distressed II Institutional Fund and the Domestic Master Distressed II Institutional Fund and Silver Point Distressed Opportunity Institutional Partners II Offshore General Partner, LLC (the "Offshore Distressed Fund II GP" and together with the Domestic Distressed Fund II GP, the "Distressed II GPs") serves as the general partner of the Offshore Distressed II Institutional Fund, the Distressed II Intermediate Fund and the Offshore Master Distressed II Institutional Fund.

11. Silver Point CLO 2, Ltd. (the "CLO 2"). An affiliate of Silver Point, Silver Point CLO Management, LLC (the "CLO Manager"), provides investment advisory services to the CLO 2. Philip Jon Le Sueur and Robert Lucas serve as the directors of the CLO 2.

12. Silver Point CLO 3, Ltd. (the "CLO 3" and together with the CLO 1 and the CLO 2, the "Silver Point CLOs"). The RR Manager provides investment advisory services to the CLO 3. Philip Jon Le Sueur and Robert Lucas serve as the directors of the CLO 3.

13. Silver Point Select B Opportunities Fund, L.P. (the "Select B Opportunities Feeder"), Silver Point Select B Master I, L.P. (the "Select B Master Fund I") and Silver Point Select B Master II, L.P. (the "Select B Master Fund II") and together with the Select B Opportunities Feeder and the Select B Master Fund I, the "Select B Opportunities Fund"). Silver Point Select B Management, LLC ("Select B Management") provides investment advisory services to the Select B Fund. Silver Point Select B GP I, LLC (the "Select B GP I") serves as the general partner of the Select B Opportunities Feeder and the Select B Master Fund I. Silver Point Select B GP II, LLC (the "Select B GP II") and together with the Select B GP I, the "Select B GPs") serves as the general partner of the Select B Master Fund II.

References herein to "Silver Point" shall be deemed to include Silver Point, Distressed Fund Management, SCF II Management, Silver Star Management, Loan Funding Management, the RR Manager, SCF III Management, Distressed II Management, the CLO Manager, Select B Management, the Domestic Flagship GP, the Master Flagship GP, the Select Opportunities GP, the Distressed Fund GPs, the SCF II GP, the Silver Star GP, the SCF III GPs, the Distressed II GPs and/or the Select B GPs, where applicable.

The Flagship GPs, the Select Opportunities GP, Distressed Fund Management, the Distressed Fund GPs, SCF II Management, the SCF II GP, Silver Star Management, the Silver Star GP, Loan Funding Management, the RR Manager, SCF III Management, the SCF III GPs, Distressed II Management, the Distressed II GPs, the CLO Manager, Select B Management and the Select B GPs are presently registered (or treated as registered) as investment advisers under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), pursuant to Silver Point's Form ADV, which contains an entry in Schedule R for each of Distressed Fund Management, SCF II Management, Silver Star Management, Loan Funding Management, the RR Manager, SCF III Management, Distressed II Management, the CLO Manager and Select B Management and lists the Flagship GPs, the Select Opportunities GP, the Distressed Fund GPs, the SCF II GP, the Silver Star GP, the SCF III GPs, the Distressed II GPs and the Select B GPs in Section 7.A of Schedule D.

The Funds are structured as Delaware limited partnerships, Delaware limited liability companies, Cayman Islands exempted companies, Cayman Islands exempted limited partnerships or Jersey limited companies.

As used herein, the term "client" generally refers to each Fund.

Silver Point Finance, LLC, a Delaware limited liability company wholly owned by Silver Point, is the entity used publicly by Silver Point to describe its lending business.

This Brochure generally includes information about Silver Point and its relationships with its clients and affiliates. While much of this Brochure applies to all such clients and affiliates, certain information included herein applies to specific clients or affiliates only. This Brochure does not contain all of the terms and conditions related to an investment in the Funds or all of the risks associated with any such investment, and certain of the information contained herein is in summary form. As a result, prior to any investment in any Fund, all prospective investors should carefully review the offering memorandum for such Fund.

This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities are generally offered and sold on a private placement basis under

exemptions promulgated under the Securities Act of 1933, as amended, and other exemptions of similar import under U.S. state laws and the laws of other jurisdictions where any offering may be made. Investors in the Funds generally must be both "accredited investors", as defined in Regulation D, and "qualified purchasers", as defined in the Investment Company Act of 1940, as amended (the "1940 Act"). Persons reviewing this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.

Investment Strategies and Types of Investments

Silver Point's investment strategy with respect to the Flagship Funds focuses on making investments in debt, equity or other securities, obligations or instruments of misvalued, mislevered, leveraged or financially distressed companies and in event-oriented and other special situations.

Silver Point's investment strategies with respect to the Select Opportunities Fund are to invest (i) pro rata alongside the Silver Point Specialty Lending Fund (the "Specialty Lending Fund"), which elected to be treated as a business development company under 1940 Act, the SCF II, the SCF III and any other account managed by Silver Point with an investment program substantially similar to the Specialty Lending Fund, the SCF II and the SCF III, or (ii) alongside the Specialty Lending Fund, the SCF II, the SCF III and potentially other Funds on an "overflow basis" after such funds have received their entire desired share of each investment opportunity falling within the investment program of such funds but that exceed the capacity of such funds.

Silver Point's investment strategies with respect to the Distressed Opportunities Funds, the Distressed Institutional Funds and the Distressed II Institutional Funds are to invest opportunistically in debt, equity and other financial instruments, obligations and assets, with a particular focus on companies and/or instruments that are stressed, distressed, overleveraged and/or going through restructurings, bankruptcies or other complex situations. The Distressed Opportunities Funds, the Distressed Institutional Funds and the Distressed II Institutional Funds have flexibility to invest in a wide variety of instruments, including less liquid and longer duration investments, and may have a concentrated portfolio, including control positions.

Silver Point's investment strategy with respect to the SCF II and the SCF III is to originate loans to small and middle market companies and invest in specialty bridge financings, rescue financings and secondary purchases of loans and other credit-related assets. The SCF II and the SCF III may also make investments in other assets.

Silver Point's investment strategy with respect to the Silver Star Fund is to invest alongside the Specialty Lending Fund, the SCF II, the SCF III and potentially other Funds, in each case, on an "overflow basis" after such funds have received their entire desired share of each investment opportunity falling within their respective investment programs, as determined by the applicable fund's investment adviser.

Silver Point's investment strategies with respect to the Loan Funding are to invest (i) pro rata alongside the Specialty Lending Fund, the SCF II, the SCF III and any other account managed by Silver Point with an investment program substantially similar to the Specialty Lending Fund, the SCF II and the SCF III, or (ii) alongside the Specialty Lending Fund, the

SCF II, the SCF III and potentially other Funds on an "overflow basis" with respect to secondary opportunities after such funds have received their entire desired share of each such secondary opportunity falling within the investment program of such funds but that exceed the capacity of such funds.

Silver Point's investment strategy with respect to the Silver Point CLOs focuses on making investments consisting primarily of senior secured performing credit loans, bonds and other debt securities purchased in the secondary market.

Silver Point's investment strategy with respect to the Select B Opportunities Fund is to primarily target stressed and distressed investments.

Please see Item 8 for a more detailed description of the investment strategies pursued and types of investments made by the Funds.

The descriptions set forth in this Brochure of specific advisory services that Silver Point offers to clients, and investment strategies pursued and investments made by Silver Point on behalf of its clients, should not be understood to limit in any way Silver Point's investment activities. Silver Point may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, Silver Point considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies Silver Point pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

Customized Services for Individual Clients

Silver Point's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents.

Assets Under Management

Silver Point and its affiliates, including Silver Point Specialty Credit Fund Management, L.P., manage approximately \$28.9 billion of regulatory assets under management attributable to its clients on a discretionary basis. Information with respect to the amount of assets under management is generally provided as of December 31, 2023, but includes investor capital activity in the Flagship Funds as of January 1, 2024.

ITEM 5

FEES AND COMPENSATION

The fees applicable to each Fund are set forth in detail in each Fund's offering documents. A brief summary of such fees is provided below.

Advisory Fees and Compensation - The Flagship Funds, the Distressed Opportunities Funds, the Distressed Institutional Funds, the SCF II, the SCF III and the Distressed II Institutional Funds

Management Fees: In connection with providing investment advisory services to the Flagship Funds, the Distressed Opportunities Funds, the Distressed Institutional Funds, the SCF II, the SCF III and the Distressed II Institutional Funds, Silver Point generally receives asset-based management fees, payable quarterly in advance for the Flagship Funds, the Distressed Opportunities Funds, the Distressed Institutional Funds and the Distressed II Institutional Funds and payable quarterly in arrears for the SCF II and the SCF III, based on (i) the net asset value of the Domestic Flagship Fund and the Master Flagship Fund or a subsidiary thereof attributable to the interests held by each investor, (ii) the invested capital of each investor in the Distressed Opportunities Funds, the Distressed Institutional Funds or the Distressed II Institutional Funds or (iii) the net amount of contributed capital of each investor in the SCF II and the SCF III. The specific payment terms and other conditions of the management fee payable to Silver Point in respect of the Flagship Funds, the Distressed Opportunities Funds, the Distressed Institutional Funds, the SCF II, the SCF III and the Distressed II Institutional Funds are set forth in the applicable offering documents or side letters (in the case of the Distressed Institutional Funds, the SCF II, the SCF III and the Distressed II Institutional Funds).

Silver Point, in its sole discretion, may reduce, waive or calculate differently the management fee with respect to any investor, and it has done so with respect to employees of Silver Point, certain other related persons and certain Distressed Institutional Funds, SCF II, SCF III and Distressed II Institutional Funds investors (based on the size or timing of their investment).

Incentive and Performance-Based Compensation:

Incentive compensation for the Flagship Funds is generally equal to 20% of net realized and unrealized capital appreciation for each year, excluding unrealized appreciation attributable to side pocketed investments ("Designated Investments"), after making up any losses carried forward from prior years as further discussed in the offering documents for the Flagship Funds. Incentive compensation is generally charged after the close of each fiscal year and upon interim-year withdrawals and is calculated separately for each subscription.

Performance-based compensation for the Distressed Opportunities Funds, the Distressed Institutional Funds and the Distressed II Institutional Funds is in the form of carried interest generally equal to 20% of all income, gains and losses derived from investments after the return to investors of their capital contributions and a preferred return thereon.

Incentive compensation for the SCF II and the SCF III is based on income, gains and losses derived from investments after the return to investors of their capital contributions and a preferred return thereon.

The specific terms and other conditions of the incentive or performance-based compensation payable or allocable to Silver Point in respect of the Flagship Funds, the Distressed Opportunities Funds, the Distressed Institutional Funds, the SCF II, the SCF III and the Distressed II Institutional Funds are set forth in the applicable offering documents.

Silver Point, in its sole discretion, may reduce, waive or calculate differently the incentive or performance-based compensation with respect to any investor and has done so with respect to employees of Silver Point and certain other related persons.

Advisory Fees and Compensation – The Select Opportunities Fund

Management Fees and Incentive Compensation. The Select Opportunities Fund will pay to Silver Point, in respect of each investor, an asset-based management fee payable quarterly in arrears and incentive compensation calculated and payable quarterly and annually in arrears as set forth in the offering documents of the Select Opportunities Fund. The Select Opportunities Fund may establish and negotiate additional management fees and incentive compensation with investors in the Select Opportunities Fund and the precise amount of, and manner and calculation of, such additional fees and compensation will be set forth in the offering documents received by each investor prior to its investment in the Select Opportunities Fund strategy related to such additional fees and compensation.

Advisory Fees and Compensation – The Silver Star Fund

Management Fees and Incentive Compensation. The Silver Star Fund will pay to Silver Point, in respect of each investor, an asset-based management fee payable quarterly in arrears and incentive compensation calculated and payable quarterly and annually in arrears, as set forth in the Silver Star Fund's governing documents.

Advisory Fees and Compensation – The Loan Funding

Management Fees and Incentive Compensation. The Loan Funding will pay to Silver Point, in respect of each investor, an asset-based management fee payable quarterly in arrears, as set forth in the Loan Funding's transaction documents.

Advisory Fees and Compensation – The Silver Point CLOs

Management Fees and Incentive Compensation. The Silver Point CLOs will pay to Silver Point an asset-based senior management fee, an asset-based subordinated management fee and incentive management fees, each payable quarterly in arrears, as set forth in the collateral management agreements between the each of the Silver Point CLOs and its respective manager.

Advisory Fees and Compensation – The Select B Opportunities Fund

Management Fees and Performance-Based Compensation. The Select B Opportunities Fund will pay to Silver Point, in respect of each investor, an asset-based management fee payable quarterly in arrears, based on the net asset value of the Select B Opportunities Fund attributable to the interests held by each investor. The Select B Opportunities Fund may establish and negotiate additional management fees and incentive compensation with investors in the Select B Opportunities Fund and the precise amount of, and manner and calculation of, such additional fees and compensation will be set forth in the offering

documents received by each investor prior to its investment in the Select B Opportunities Fund strategy related to such additional fees and compensation.

Payment of Fees

Fees and compensation paid or allocated to Silver Point or its affiliates by the Funds are generally deducted from the assets of such clients or from capital called. As discussed above, management fees are generally deducted on a quarterly basis, incentive compensation is generally deducted or allocated on a quarterly or annual basis and upon a redemption or withdrawal of an investor and performance-based compensation is generally deducted or allocated on a realization basis, depending upon the Fund.

Additional Fees and Expenses – The Funds Generally

Expenses: Subject to its offering documents, each Fund generally bears its own expenses resulting from or arising in connection with its organization, offering and operations. Such expenses may include the following:

- (i) legal, accounting, tax, auditing, consulting and other professional expenses (including expenses relating to establishing reputation and public relations in connection with self-sourced lending or other financial transactions);
- (ii) the management fees;
- (iii) professional liability insurance (including costs relating to directors' and officers' liability insurance and errors and omissions insurance);
- (iv) fees and expenses associated with information, technology, communication, research and market data costs;
- (v) fees and expenses (including legal fees) relating to establishing auditor, custodial, administration services or prime brokerage relationships;
- (vi) fees and costs (including legal fees) of entering into ISDAs;
- (vii) custodial fees;
- (viii) bank service fees;
- (ix) investment-related fees and expenses (such as brokerage commissions, third-party sourcing fees, fees and expenses of legal and other professionals, due diligence expenses and travel, lodging and meal expenses) related to the sourcing, evaluation, discovery, investigation, negotiation, development, analysis, monitoring, structuring, purchase, trading, settling, holding or sale of investments, whether or not the investments are consummated (see also Item 12 Brokerage Practices);
- (x) fees and expenses of any finders, senior advisors, originators, consultants (including sourcing consultants, operating consultants, research consultants, industry expert consultants and/or subject matter consultants) and other persons

acting in a similar capacity (in each case, whether or not such persons are engaged by the Fund and/or its affiliates in a dedicated or exclusive capacity and whether or not fees are paid as a fixed amount or based on profits or performance);

- (xi) costs and expenses related to attending investment related conferences, including in connection with the sourcing of future investments or business sector opportunities or the evaluation of potential investments, irrespective of whether any such investment is ultimately consummated;
- (xii) expenses related to aggregating vehicles, special purpose vehicles and alternative investment vehicles (including formation and overhead expenses of an ordinarily recurring nature such as rent, utilities, supplies, secretarial expenses, stationery, charges for furniture, fixtures and equipment, employee benefits including insurance, payroll taxes and compensation of all employees related thereto ("Overhead Expenses"));
- (xiii) any and all costs and expenses incurred in connection with the incurrence of leverage and indebtedness, including with respect to credit agreements, margin financing, asset-backed securitizations and collateralized loan obligations, total return swaps and other derivatives, commitment-based financing, reverse purchase agreements, and other borrowings, and including any principal or interest on the Fund's borrowings and indebtedness (including fees, costs, and expenses incurred in obtaining lines of credit, loan commitments, and letters of credit for the account of the Fund and in guaranteeing the obligations of any issuers or their affiliates);
- (xiv) other expenses related to the purchase, monitoring, sale, settlement, custody or transmittal of the Fund's assets (directly or through trading affiliates) as will be determined by Silver Point in its sole discretion (including costs associated with systems and software used in connection with investment-related activities);
- (xv) costs of reporting to investors;
- (xvi) all costs and expenses incurred in connection with any meeting of the investors that is generally open or applicable to all investors (including the costs and expenses of any third-party speakers at any such meetings) and any meeting of the advisory committee (including the reasonable expenses incurred by members of the advisory committee in connection with their attendance);
- (xvii) administration fees and expenses charged by any third-party provider of administration services;
- (xviii) fees, costs and expenses relating to the administration and operation of the Fund, including relating to any subsequent closings and amendments to the Fund documents;

- (xix) taxes;
- (xx) expenses relating to the offer, transfer, sale and marketing of interests in the Fund (including travel, lodging and meals relating to the offering of such Fund and translation, printing and distribution fees and expenses (including fees and expenses related to the retention of, and services provided by, any service provider or agent engaged by such Fund and/or its affiliates in connection with such translation, printing and distribution));
- (xxi) any fees, costs and expenses relating to entering into, and compliance with, side letters and most favored nations processes;
- (xxii) federal, state and non-U.S. filing and registration fees and expenses (but excluding for the avoidance of doubt, any filing and registration expenses that are not related to the Fund and its activities);
- (xxiii) fees and expenses related to complying with (or facilitating compliance with) any applicable law, rule or regulation (including legal fees, costs and expenses, regulatory and compliance fees and expenses relating to past, current and prospective investments and any registration, compliance, filings or other obligations related to or arising out of the AIFM Directive, any fees, costs and expenses with respect to any registration or reporting activities of the Fund, including legal advice regarding the offering of interests of the Fund or its investments and any fees and expenses with respect to any services providers engaged to assist with any reports, data or other information required pursuant to applicable EU/UK transparency standards);
- (xxiv) costs of winding up and liquidating the Fund;
- (xxv) expenses incurred in connection with an investor that defaults in respect of a commitment;
- (xxvi) any and all fees, costs and expenses incurred in connection with computing the value of the assets of the Fund (including, as applicable, any and all fees, costs and expenses associated with advisors, independent pricing services and third-party valuation consultants);
- (xxvii) any fees, costs and expenses incurred in connection with the use of any person who is not affiliated with Silver Point, to consider and, on behalf of the investors and the Fund, review and/or approve such matters as Silver Point may determine, including any principal, agency, agency cross and cross transactions, or matters that require approval by applicable law, including Section 206(3) of the Advisers Act;
- (xxviii) expenses incurred in connection with the Fund's tax returns and Schedules K-1 (or similar schedules, if applicable), including the costs of creating, printing and distributing such tax returns and Schedules K-1 (or similar schedules);

- (xxix) costs and expenses with respect to representation of the Fund and the investors by the tax matters partner or partnership representative;
- (xxx) fees and expenses in connection with ongoing compliance, filing and reporting obligations under AEOI (as defined below);
- (xxxi) fees and expenses of each person designated to act as an anti-money laundering officer;
- (xxxii) any fees, costs and expenses of any loan servicers and other service providers and of any custodian, lenders, investment banks and other financing sources; and
- (xxxiii) other direct organizational costs and other expenses associated with the operation of the Fund and its investment activities, including extraordinary expenses such as litigation, workout and restructuring and indemnification expenses, if any.

"AEOI" means (i) Sections 1471 to 1474 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), the Treasury Regulations issued thereunder and any other associated legislation, regulations or guidance, any other similar legislation, regulations or guidance enacted in any other jurisdiction which seeks to implement similar financial account information reporting and/or withholding tax regimes, and any intergovernmental agreements entered into in respect of such Sections; (ii) the OECD Standard for Automatic Exchange of Financial Account Information in Tax Matters – the Common Reporting Standard and any associated commentary and/or guidance and (iii) any intergovernmental agreement, treaty, regulation, guidance, standard or other agreements, entered into in order to comply with, facilitate, supplement or implement the legislation, regulations, guidance or standards described in clauses (i) and (ii).

Silver Point is authorized to incur and pay in the name and on behalf of the relevant Fund, any parallel fund and any alternative investment vehicle, all expenses which they deem necessary or advisable.

Other Fees and Expenses – The Flagship Funds, the Distressed Opportunities Funds, the Distressed Institutional Funds, the SCF II, the SCF III and the Distressed II Institutional Funds

Subject to each Fund's offering documents, if Silver Point or its affiliates receive any compensation in connection with lending or other financial transactions or investments (including, without limitation, acquisitions, dispositions, recapitalizations and restructurings, and the provision of financial advisory, investment monitoring, investment management or similar or related services) (collectively "Fee Income"), 100% of the portion of such Fee Income (x) ratably attributable to a Fund's investment in any such transactions or investments (or, in the case of broken deal fees, such proposed transaction or investment), and (y) in the case of certain Funds, relating to the capital commitments to or the value of interests in, as applicable, such Fund held by fee and/or incentive compensation bearing investors, will be applied as an offset to either the management fee or the incentive compensation, if applicable, as set forth in the offering documents of the relevant Fund. The remaining portion of such compensation will not be applied as an offset to such Fund's management fee or the incentive

compensation and will benefit Silver Point or its affiliates (in the case of the ratable interest of Silver Point, its affiliates or third parties in the applicable financial instrument) and/or other Silver Point Accounts (as defined below) (in the case of the ratable interest of such other Silver Point Accounts in the applicable financial instrument). If Silver Point or its affiliates receive any Fee Income in connection with or arising from providing administrative, collateral management or similar or related services in respect of lending or other financial transactions, such Fee Income will not be applied as an offset to the management fee or of the incentive compensation (as applicable) and will instead be retained by Silver Point. If the management fee or the incentive compensation (as applicable) is not sufficient to fully effect such offset in any particular period, any shortfall will be carried forward to reduce future management fees or incentive compensation (as applicable) until such shortfall is fully offset. Notwithstanding the foregoing, in the event an investor in the Flagship Funds withdraws or redeems prior to the making of the adjustment described in this paragraph, such investor will forego, and will not be entitled to, any portion of any such subsequent adjustment.

The Funds will not receive the benefit of any compensation received by Silver Point or its affiliates in connection with the portion of any financial transactions or investments attributable to participants other than the Funds. A conflict of interest may arise if Silver Point causes a Fund to participate in a financial transaction or investment with others and fees are paid to Silver Point or its affiliates.

Administrative Fees and Expenses – The Flagship Funds

In addition to the retention of any third-party administrators, Silver Point, or an affiliate, performs some of the functions of a third-party administrator in-house because it believes it can provide an effective integrated solution, including performing independent checks on certain work performed by the third-party administrator. Silver Point will charge administration costs to the Flagship Funds; provided, however, that such costs will be limited to an amount that, along with the costs of any third-party administration services it uses and Silver Point's expenses discussed below, will be the lesser of actual costs incurred or 12 basis points of the Domestic Flagship Fund's or the Offshore Flagship Fund's net asset value. The costs incurred by Silver Point in the provision of such administration services are included in the above, and include, but are not limited to, out of pocket expenses (including travel, meals and lodging), third party software licensing, implementation, data management and recovery services, custom development costs and Overhead Expenses.

Additional Fees and Expenses – Select Opportunities Fund, the Silver Star Fund, the Loan Funding and the Silver Point CLOs and the Select B Opportunities Fund

With respect to the Select Opportunities Fund, the Silver Star Fund, the Loan Funding, the Silver Point CLOs and the Select B Opportunities Fund, fees received by Silver Point or its affiliates and expenses borne by the Select Opportunities Fund, the Silver Star Fund, the Loan Funding and the Silver Point CLOs and the Select B Opportunities Fund are determined on a strategy-by-strategy basis and include fee and expense arrangements similar to those described above for the other Funds.

Allocation of Expenses Generally

Generally, expenses incurred directly in connection with a particular investment (or proposed investment) of certain Silver Point Accounts will be allocated among such Silver Point Accounts; provided that expenses specifically attributable to a particular Silver Point Account

may be allocated to such Silver Point Account. Silver Point will allocate expenses among Silver Point Accounts in a fair and equitable manner upon taking into account such factors as it deems appropriate.

Notwithstanding the foregoing, it may not be practical to specifically allocate certain investment-related expenses to the particular investment or Silver Point Account to which they relate. Silver Point, in its sole discretion, may instead allocate such expenses (along with expenses that relate to transactions that are not consummated) across one or more investments or Silver Point Accounts; provided that any such allocation will, on balance, be in a fair and equitable manner.

Additional Compensation

Neither Silver Point nor any of its supervised persons accept compensation (*e.g.*, brokerage commissions) for the sale of securities or other investment products.

ITEM 6
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Silver Point and its affiliates accept performance-based compensation from every Fund. As a result, Silver Point and its affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based compensation from some clients, but not from other clients.

ITEM 7
TYPES OF CLIENTS

Silver Point and its affiliates provide investment advice to the Funds, as described above.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

The descriptions set forth in this Brochure of specific advisory services that Silver Point offers to clients, and investment strategies pursued and investments made by Silver Point on behalf of its clients, should not be understood to limit in any way Silver Point's investment activities. Silver Point may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that Silver Point considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies Silver Point pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

Flagship Funds

Silver Point's investment strategy with respect to the Flagship Funds focuses on making investments in debt, equity or other securities, obligations or instruments of misvalued, mislevered, leveraged or financially distressed companies and in event-oriented and other special situations. The Flagship Funds may hold both long and short positions in such investments. The investment strategies employed by the Flagship Funds may include (without limitation) the following: credit-oriented investments; event-oriented investments; asset-oriented investments; and investments in misvalued securities, obligations or instruments.

In seeking to achieve its investment objective, the Flagship Funds may utilize any equity, debt, derivative or other instrument that Silver Point deems appropriate, including, but not limited to, bank debt, receivables and trade claims, and may provide financing, including direct lending, debtor-in-possession financing and bankruptcy exit financing, either directly or indirectly through investments in companies, including affiliates of Silver Point, providing such financing. In select circumstances, Silver Point may also pursue other attractive private investment opportunities.

Select Opportunities Fund

Silver Point's investment strategies with respect to the Select Opportunities Fund are to invest (i) pro rata alongside the Specialty Lending Fund, the SCF II, the SCF III and any other account managed by Silver Point with an investment program substantially similar to the Specialty Lending Fund, the SCF II and the SCF III, or (ii) alongside the Specialty Lending Fund, the SCF II, the SCF III and potentially other Funds on an "overflow basis" after such funds have received their entire desired share of each investment opportunity falling within the investment program of such funds but that exceed the capacity of such funds.

Silver Star Fund

Silver Point's investment strategy with respect to the Silver Star Fund is to invest alongside the Specialty Lending Fund, the SCF II, the SCF III and potentially other Funds, in each case, on an "overflow basis" after such funds have received their entire desired share of each

investment opportunity falling within their respective investment programs, as determined by the applicable fund's investment adviser.

Distressed Opportunities Funds and Distressed Institutional Funds

Silver Point's investment strategies with respect to the Distressed Opportunities Funds, the Distressed Institutional Funds and the Distressed II Institutional Funds are to invest opportunistically in debt, equity and other financial instruments, obligations and assets, with a particular focus on companies and/or instruments that are stressed, distressed, overleveraged and/or going through restructurings, bankruptcies or other complex situations. The Distressed Opportunities Funds, Distressed Institutional Funds and the Distressed II Institutional Funds have flexibility to invest in a wide variety of instruments, including less liquid and longer duration investments, and may have a concentrated portfolio, including control positions.

SCF II and SCF III

Silver Point's investment strategy with respect to the SCF II and the SCF III is to originate loans to small and middle market companies and invest in specialty bridge financings, rescue financings and mispriced secondary purchases of performing loans and other credit-related assets. The SCF II and the SCF III may also make investments in other assets. The SCF II and the SCF III seek to originate and invest in senior secured debt with attractive risk-adjusted return characteristics in the current environment, as well as in periods of market contraction. The targeted opportunities include, but are not limited to, loans to middle market companies, loans collateralized by hard assets (often real estate), loans to companies with an imminent capital need and/or super priority loans to companies undergoing bankruptcy or restructuring processes, and mispriced secondary opportunities.

Loan Funding

Silver Point's investment strategies with respect to the Loan Funding are to invest (i) pro rata alongside the Specialty Lending Fund, the SCF II, the Select Opportunities Fund, the SCF III and any other account managed by Silver Point with an investment program substantially similar to the Specialty Lending Fund, the SCF II and the SCF III, or (ii) alongside the Specialty Lending Fund, the SCF II, the SCF III and potentially other Funds on an "overflow basis" with respect to secondary opportunities after such funds have received their entire desired share of each such secondary opportunity falling within the investment program of such funds but that exceed the capacity of such funds.

Silver Point CLOs

Silver Point's investment strategy with respect to the Silver Point CLOs focuses on making investments consisting primarily of senior secured performing credit loans, bonds and other debt securities purchased in the secondary market.

Select B Opportunities Fund

Silver Point's investment strategy with respect to the Select B Opportunities Fund is to primarily target stressed and distressed investments.

Risk Factors

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by Silver Point. These risk factors relate to particular significant investment strategies or methods of analysis employed by or types of securities recommended by Silver Point.

The Funds' investment programs are speculative and entail substantial risks. There can be no assurance that the investment objectives of the Funds will be achieved.

Risk Factors with respect to the Flagship Funds, the SCF II, the SCF III (the SCF III, together with the SCF II, the "Lending Funds") the Distressed Opportunities Funds, the Distressed Institutional Funds and the Distressed II Institutional Funds (the Distressed II Institutional Funds, together with the Distressed Opportunities Funds and the Distressed Institutional Funds, the "Distressed Funds")

Investments Generally. All investments are speculative and risk the loss of substantial capital. No guarantee or representation is made that the Funds' investment programs will be successful. The Funds' investment programs involve, without limitation, risks associated with limited diversification and concentration, investments in speculative assets and the use of speculative investment strategies and techniques, interest rates, volatility, tracking risks in hedged positions, credit deterioration or default risks, currency risks, systems risks and other risks inherent in the Funds' activities. The Funds' investments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular markets where the Funds may invest their assets.

Silver Point's methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted. In certain situations Silver Point may be unable to, or may choose not to, implement risk management strategies because of the costs involved or other relevant circumstances, and even if risk management strategies are utilized, such strategies cannot fully insulate the Funds from the risks inherent in their planned activities.

Availability of Investments. The identification of investments suitable for the Funds is difficult and involves significant uncertainty. There can be no guarantee that Silver Point will identify such investment opportunities or that committed capital will be fully invested. Even if such investments are identified there can be no assurance that they will not decline in value considerably while held by the Funds including, without limitation, as a result of weakness in the credit or other markets, or other circumstances.

Exposure to Certain Financial Institutions. The Flagship Funds, the Lending Funds and the Distressed Funds may invest in financial instruments issued by financial institutions, such as investment and commercial banks, insurance companies, savings and loan associations, mortgage originators and other companies engaged in the financial services industry (collectively, "financial institutions"). In addition, financial institutions will act as counterparties to the Flagship Funds, the Lending Funds and the Distressed Funds in connection with their respective investment activities, and will provide prime brokerage services to such Funds. The Flagship Funds, the Lending Funds and the Distressed Funds may also gain exposure to these entities through derivative transactions, including, without

limitation, options, credit default swaps and credit linked notes, and through long and short strategies. In the course of conducting their business operations, financial institutions are exposed to a variety of risks that are inherent to the financial services industry. Significant risks that could affect the financial condition and results of operations of financial institutions include, but are not limited to, fluctuations in interest rates, exchange rates, equity and commodity prices and credit spreads caused by global and local market and economic conditions; credit-related losses that can occur as a result of an individual, counterparty or issuer being unable or unwilling to honor its contractual obligations; the potential inability to repay short-term borrowings with new borrowings or assets that can be quickly converted into cash while meeting other obligations; operational failures or unfavorable external events; potential changes to the established rules and policies of various U.S. and non-U.S. legislative bodies and regulatory and exchange authorities, such as federal and state securities, bank regulators and industry participants; risks associated with litigation, investigations and/or proceedings by private claimants and governmental and self-regulatory agencies arising in connection with a financial institution's activities; and its continuing ability to compete effectively in the market. Following the 2008-2009 financial crisis, many financial institutions announced writedowns and losses relating to their exposures to the U.S. subprime market. These financial institutions may continue to have exposure to these markets and products, and as market conditions continue to evolve the fair value of certain mortgage-related instruments could further deteriorate, which could result in further writedowns and losses. While financial institutions seek to manage these and other risks through risk management policies and procedures, there can be no assurance that any financial institution's risk management practices will be effective.

Banking Industry Disruption. The Flagship Funds, the Lending Funds and the Distressed Funds are permitted to hold cash and cash equivalents at any given time during their respective terms. Available cash and cash equivalents are typically held in interest-bearing accounts or funds managed by third-party financial institutions. The Flagship Funds', the Lending Funds' and the Distressed Funds' access to their invested cash and cash equivalents may be impacted by adverse conditions in the financial markets, and the Flagship Funds, the Lending Funds and the Distressed Funds are subject to the risk that they may lose assets in connection with bank or other financial institution failures. Recently, numerous governments and their agencies have implemented interest rate policies designed to restore price stability in the face of inflationary pressures by increasing the underlying federal interest rate (or corresponding rate of the applicable jurisdiction). As a result of, among other reasons, such increasing interest rates, reserves held by banks and other financial institutions in bonds and other debt securities could face a significant decline in value relative to deposits and liabilities which, coupled with general economic headwinds resulting from a changing interest rate environment, creates liquidity pressures at such institutions, as evidenced by the bank runs on the Silicon Valley Bank (SVB) Financial Group ("SVB") and Signature Bank ("Signature") causing them to be placed into receivership. As a result, certain sectors of the credit markets could experience significant declines in liquidity, and it is possible that the Flagship Funds, the Lending Funds and the Distressed Funds will not be able to manage this risk effectively. It is yet to be determined how the bank runs on SVB and Signature will fully impact the overall performance of the Flagship Funds, the Lending Funds and the Distressed Funds or one or more of their respective investments and how similar events may affect the ability of the Flagship Funds, the Lending Funds and the Distressed Funds to execute their respective investment strategies. However, as a result of such bank runs or banking collapses (or if other regional or other banks face similar bank runs or collapses), there is a risk that the Flagship Funds, the Lending Funds and the Distressed Funds, to the extent applicable, will

not be able to recover their respective funds held in accounts at such banks above the Federal Deposit Insurance Corporation (the "FDIC") insurance limit of \$250,000 per account, or the limits of the deposit insurance regimes of other applicable jurisdictions, as applicable. Even if the Flagship Funds, the Lending Funds and the Distressed Funds are able to recover such funds, there is uncertainty with respect to the portion of their respective funds they may be able to recover. Further, there is uncertainty with respect to the time period that would be required to recover any additional funds above the FDIC insurance limit, or the limits of the deposit insurance regimes of other applicable jurisdictions, as applicable. Finally, while the FDIC has currently confirmed that it would insure deposits at SVB and Signature above the \$250,000 insurance limit per account, there is no guarantee that the FDIC will continue that approach indefinitely or that it would provide the same guarantee if additional banks suffer bank runs and/or collapses or that the regulators in other jurisdictions would take a similar approach.

Repurchase Programs and Bank Obligations. Repurchase agreements are subject to the risk of failure of the seller to repurchase the investment purchased by the Flagship Funds, the Lending Funds and the Distressed Funds, or delays or limitations on realization of the purchase obligation in the event of the initiation of bankruptcy or other proceedings involving the seller. Certain types of bank obligations which may be acquired by the Flagship Funds, the Lending Funds and the Distressed Funds may not be covered by insurance from the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Investments in Non-Traded Equity. As part of their investment programs, the Flagship Funds, the Lending Funds and the Distressed Funds may make investments in non-traded equity. These investments may occur as a result of, among other things, direct equity investments and the Flagship Funds', the Lending Funds' and the Distressed Funds' purchase of debt instruments that convert to equity interests in the event of a reorganization of an entity's capital structure.

The Flagship Funds', the Lending Funds' and the Distressed Funds' investments in non-traded equity involve a high degree of business and financial risk. The entities in which the Flagship Funds, the Lending Funds and the Distressed Funds invest may be financially distressed or have recently emerged from bankruptcy, they may require substantial additional capital to support expansion or to achieve or maintain a competitive position, they may produce substantial variations in operating results from period to period and they may operate at a loss. Such risks may adversely affect the performance of such investments and result in substantial losses. In addition, these entities may require governmental approvals or be subject to licensing procedures in order to operate in their markets. The Flagship Funds, the Lending Funds and the Distressed Funds could be adversely affected by delays in, or refusals to grant, such approvals or licenses.

Bank Loans. The Flagship Funds', the Lending Funds' and the Distressed Funds' investment programs will include investments in bank loans. The value of bank loans can fluctuate in response to actual and perceived changes in creditworthiness, non-U.S. exchange rates, political stability or soundness of economic policies. Bank loans (as well as other debt obligations) are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk). These obligations are subject to other risks, including, without limitation: (i) declines in the value of collateral securing the obligations, if

any; (ii) declines in the enterprise value of the obligor; (iii) failure of restrictive covenants, if any, to adequately protect the interests of the creditor; (iv) the failure of the bankruptcy process (or other determination of creditors' rights) to produce the outcome anticipated by the investor; (v) the possible invalidation of an investment transaction as a preference or fraudulent conveyance under relevant creditors' rights laws; (vi) so-called lender-liability claims by the issuer of the obligations; and (vii) environmental or other liabilities that may arise with respect to collateral securing the obligations. In analyzing each bank loan, Silver Point compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Flagship Funds, the Lending Funds and the Distressed Funds, as applicable. The risks associated with bank loans generally also apply to the specific types of bank loans discussed below (e.g., leveraged loans and bridge loans).

High Yield and Preferred Securities. The Flagship Funds, the Distressed Funds and the Lending Funds invest in "high yield" bonds and preferred securities that are rated in the lower rating categories by the various credit rating agencies or comparable non-rated securities. Securities in the lower-rated categories and comparable non-rated securities are subject to greater risk of loss of principal and interest than higher-rated and comparable non-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 securities with higher ratings or comparable non-rated securities in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with lower-rated and comparable non-rated securities, the yields and prices of such securities may be more volatile than those for higher-rated and comparable non-rated securities. The market for lower-rated and comparable non-rated securities is thinner, often less liquid, and less active than that for higher-rated or comparable securities, which can adversely affect the prices at which these securities can be sold and may even make it impractical to sell such securities. High-yield bonds and preferred securities are also typically lower in the capital structure of the relevant issuer than other forms of indebtedness, including secured bank debt. As a result, these securities may not be secured (or fully secured) by the underlying assets of the issuer and, in the event of a bankruptcy, reorganization or other similar event, the Flagship Funds, the Distressed Funds and the Lending Funds would be subject to significant losses in respect of their investment in such securities.

Investments in Equity Securities Generally. The Flagship Funds', the Distressed Funds' and the Lending Funds' investment portfolios may include long positions in equity securities of publicly listed companies. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, the business market in which individual companies compete, geographic markets, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters, may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by the Flagship Funds, the Distressed Funds or the Lending Funds.

Corporate Debt. The Flagship Funds, the Distressed Funds and the Lending Funds invest in bonds, notes, debentures and other instruments of indebtedness issued by, and other obligations of, corporations. These instruments may pay fixed, variable or floating rates of interest, and may include zero coupon and pay-in-kind obligations. The Flagship Funds, the Distressed Funds and the Lending Funds may invest in corporate debt instruments that have

experienced or are contemplated to experience ratings downgrades. Certain Funds may invest in instruments that have the lowest quality ratings or are unrated.

Ratings. Credit ratings of debt instruments represent the rating agency's opinions regarding their credit quality and are not a guarantee of quality. Credit ratings evaluate the safety of the principal and interest payments, not the market value risk, of lower-rated instruments. Such ratings also may not accurately reflect macroeconomic or systematic risk, including the risk of increased illiquidity in the credit markets. Accordingly, credit ratings may not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an issuer's current financial condition may be better or worse than a rating indicates. Rating agencies may re-rate an instrument which could cause substantial loss as the ratings are downgraded. Such reviews and potential downgrades may be more likely during periods of volatility in the credit markets. Additionally, rating agencies may incorrectly rate instruments due to errors in their internal evaluation processes or models or methodologies. The rating agencies may retrospectively change their rating methodology in the future, which may affect the rating assigned to the existing debt instruments. Investments may experience significant credit rating volatility.

Early Prepayment. Certain debt that the Flagship Funds, the Distressed Funds and the Lending Funds may invest in, such as senior debt, may be repaid early, so that the actual maturity of such investments is shorter than their stated final maturity calculated solely on the basis of the stated life and repayment schedule. Generally voluntary prepayments are permitted and the timing of prepayments cannot be predicted with any accuracy. The degree to which borrowers prepay debt, whether as a contractual requirement or at their election, may be affected by general business conditions, market interest rates, the borrower's financial condition and competitive conditions among lenders. Prepayments are likely to be made during any period of declining interest rates. Such prepayments may result in the Flagship Funds, the Distressed Funds or the Lending Funds receiving a lower than anticipated yield on such investments.

Borrower Fraud; Breach of Covenant. The Flagship Funds, the Distressed Funds and the Lending Funds may obtain structural, covenant and other contractual protections with respect to the terms of its investments as determined appropriate under the circumstances. There can be no assurance that such attempts to provide downside protection with respect to their investments will achieve their desired effect, and potential investors should regard an investment in the Flagship Funds, the Distressed Funds or the Lending Funds as being speculative and having a high degree of risk. Of paramount concern in investments in senior secured loans, notes or bonds is the possibility of material misrepresentation or omission on the part of the borrower or other credit support providers or breach of covenant by such parties. Such inaccuracy or incompleteness or breach of covenants may adversely affect the valuation of the collateral underlying such loans, notes or bonds or may adversely affect the ability of the Flagship Funds, the Distressed Funds and the Lending Funds to perfect or effectuate a lien on the collateral securing the loan or otherwise realize on the investment. The Flagship Funds, the Distressed Funds and the Lending Funds will rely upon the accuracy and completeness of representations made by borrowers and their agents to the extent reasonable, but cannot guarantee such accuracy or completeness.

Leveraged Loans. "Leveraged loans" are loans made to companies with a below investment grade rating from Moody's and S&P. Such loans may be performing poorly when the Flagship Funds, the Distressed Funds and the Lending Funds acquire them. There is no assurance that Silver Point will correctly evaluate the value of the assets collateralizing such

loans or the prospects for distribution on or repayment of such loans. The Flagship Funds, the Distressed Funds and the Lending Funds may lose their entire investment or may be required to accept cash, property or securities with a value less than the Flagship Funds', the Distressed Funds' and the Lending Funds' original investment and/or may be required to accept payment over an extended period of time.

"Covenant-Lite" Loans. There has been an increase in the average debt multiple of leveraged loans and the growth in the percentage of leveraged loans issued as "covenant-lite." In addition, Silver Point believes that the covenants that do exist have generally become less restrictive, thereby offering more limited protection to lenders. As a result of the foregoing, the Flagship Funds', the Distressed Funds' and the Lending Funds' investments in such "covenant-lite" loans may pose a higher risk as the borrowers of such loans are subject to fewer covenants with respect to, among other things, other debt that such borrowers may incur. The lack of such covenants may increase the likelihood that such borrowers could default on their payments to the Flagship Funds, the Distressed Institutional Funds or the Lending Funds, thereby resulting in losses to the Flagship Funds, the Distressed Funds or the Lending Funds, as applicable.

Bridge Loans. It is a common practice for financial institutions to commit to providing bridge loans to facilitate acquisitions, including leveraged buyouts, where it serves as an advisor to the purchaser. Bridge loans are frequently made because, for timing or market reasons, longer term financing is not available at the time the funds are needed, which is often at the time of the closing of an acquisition. In the past, these commitments were not frequently drawn upon due to the availability of other sources of financing. However, due to recent market conditions affecting the availability of these other sources of financing (principally high yield bond transactions), bridge loan commitments have been and may be drawn upon more regularly. Since these commitments were not regularly drawn upon in the past, there is little history for investors to rely upon in evaluating investments in bridge loans. Bridge loans often have shorter maturities than the permanent financing by which they are expected to be replaced. Borrowers and lenders typically agree to shorter maturities based on the anticipation that the bridge loans will be replaced with other forms of financing within such shorter time period. However, the source and timing of such replacement financing may be uncertain and can be affected by, among other things, market conditions and the financial condition of the borrower at the maturity date of the bridge. If the borrower is unable to obtain replacement financing and repay the bridge loan at maturity, the terms of the bridge loan may provide for the bridge loan to be converted to a longer term loan (with maturities similar to that of a bond). If bridge loans are not repaid (or cannot be disposed of on favorable terms) on the dates projected by Silver Point, there may be an adverse effect upon the ability of Silver Point to manage the assets of the Flagship Funds, the Distressed Funds and the Lending Funds in accordance with its models and projections or an adverse effect upon the Flagship Funds', the Distressed Funds' and the Lending Funds' performance and ability to make distributions.

Investments in Rescue Lending. As part of its lending activities, the Domestic Flagship Fund, the Distressed Funds and the Lending Funds may originate loans to companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although the terms of such financing may result in significant financial returns to the Domestic Flagship Fund, the Distressed Funds and the Lending Funds, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful financing to

companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Domestic Flagship Fund, the Distressed Funds and the Lending Funds will correctly evaluate the value of the assets collateralizing the loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company they fund, the Domestic Flagship Fund, the Distressed Funds and the Lending Funds may lose all or part of the amounts advanced to the borrower or may be required to accept collateral with a value less than the amount of the loan advanced by the Domestic Flagship Fund, the Distressed Funds and the Lending Funds to the borrower.

Risks of Investments in Special Situations. The Flagship Funds, the Distressed Funds and the Lending Funds may invest in "event-driven" and other special situations such as recapitalizations, spin-offs, restructurings, bankruptcy, litigation, corporate control transactions, corporate events and other catalyst-oriented strategies. Silver Point could be incorrect in its assessment of the magnitude or probability of the downside risks associated with an investment in an "event-driven" or other special situation, thus resulting in significant losses to the Flagship Funds, the Distressed Funds and the Lending Funds. Investments in such securities are often difficult to analyze or may have limited trading histories or limited in-depth research coverage. Investing in special situations frequently requires the investor to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's financial instruments. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as Silver Point had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value, but fail to implement it, which can result in losses to investors. In liquidations and other forms of corporate reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the price paid by the Flagship Funds, the Distressed Funds and/or the Lending Funds for the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which may result in litigation to enjoin the proposed transaction; (ii) intervention of a federal or state regulatory agency; (iii) efforts by the target company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable federal or state securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of investing in special situations, the results of the Flagship Funds', the Distressed Funds' and the Lending Funds' operations may be expected to fluctuate from period to period. Accordingly, limited partners of the Domestic Flagship Fund, the Distressed Funds and the Lending Funds, or shareholders of the Offshore Flagship Fund, as applicable, should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

Broad Investment Mandate. The Flagship Funds', the Distressed Funds' and the Lending Funds' investment strategy permits investments to be made in a broad range of issuers, securities, financial instruments and transactions. Subject to the concentration limits set forth in the Flagship Funds', the Distressed Funds' and the Lending Funds' respective offering memoranda, Silver Point may also cause the Flagship Funds, the Distressed Funds and the

Lending Funds to focus their investment activities in a limited number of industries, market sectors or types of securities, financial instruments or transactions. Within those broad parameters, Silver Point will make investment decisions for the Flagship Funds, the Distressed Funds and the Lending Funds as it deems appropriate in its sole discretion. No assurance can be given that the Flagship Funds, the Distressed Funds and the Lending Funds will be successful in obtaining suitable investments, or that if such investments are made, the objectives of the Flagship Funds, the Distressed Funds and the Lending Funds will be achieved.

Nature of Bankruptcy Proceedings. There are a number of significant risks when investing in companies involved in bankruptcy proceedings, including the following: First, many events in a bankruptcy are the product of contested matters and adversary proceedings which are beyond the control of the creditors. Second, a bankruptcy filing may have adverse and permanent effects on a company. For instance, the company may lose its market position and key employees and otherwise become incapable of restoring itself as a viable entity. Further, if the proceeding is converted to a liquidation, the liquidation value of the company may not equal the liquidation value that was believed to exist at the time of the investment. Third, the duration of a bankruptcy proceeding is difficult to predict. A creditor's return on investment can be adversely impacted by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court, and until it ultimately becomes effective. Fourth, the administrative costs in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor's estate prior to any return to creditors. Fifth, creditors can lose their ranking and priority if they exercise "domination and control" over a debtor and other creditors can demonstrate that they have been harmed by such actions, especially in the case of investments made prior to the commencement of bankruptcy proceedings. Sixth, certain claims, such as claims for taxes, may have priority by law over the claims of certain creditors. Seventh, under certain circumstances, payments to the Flagship Funds, the Distressed Funds and the Lending Funds and distributions by the Flagship Funds, the Distressed Funds and the Lending Funds to their investors may be reclaimed if any such payment is later determined to have been a preferential payment. Eighth, the Flagship Funds, the Distressed Funds and the Lending Funds may seek representation on creditors' committees, and as a member of a creditors' committee they may owe certain obligations generally to all creditors similarly situated that the committee represents and they may be subject to various trading or confidentiality restrictions. If Silver Point concludes that the Flagship Funds', the Distressed Funds' and the Lending Funds' membership on a creditors' committee entails obligations or restrictions that conflict with the duties it or its affiliates owe to the Flagship Funds', the Distressed Funds' and the Lending Funds' investors, or that otherwise outweigh the advantages of such membership, the Flagship Funds, the Distressed Funds and the Lending Funds will not seek membership in, or will resign from, that committee. Because the Flagship Funds will indemnify the Flagship GPs, Silver Point or any other person serving on a committee on behalf of the Flagship Funds for claims arising from breaches of those obligations, indemnification payments could adversely affect the return on the Flagship Funds' investment in a reorganization company. Similarly, because the Distressed Funds and the Lending Funds will indemnify their respective general partners, Silver Point or certain persons serving on a committee on their behalf for claims arising from breaches of those obligations, indemnification payments could adversely affect the Funds' returns.

Leveraged Companies. The Flagship Funds', the Distressed Funds' and the Lending Funds' investments are expected to include companies whose capital structures may have significant

leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio company or its industry. Additionally, the securities acquired by the Flagship Funds, the Distressed Funds and the Lending Funds may be the most junior in what will typically be a complex capital structure, and thus subject to the greatest risk of loss.

Hedging Risks. Silver Point may hedge some or all of the Flagship Funds', the Distressed Funds' and the Lending Funds' portfolios by taking long and short positions in related securities or through the use of futures, swaps and other derivative instruments, involving, among other things, securities, interest rates or currencies. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of such portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus seeking to moderate the decline in the portfolio position's value. Therefore, hedging transactions may prevent losses while limiting the opportunity for gain if the value of the portfolio position should increase. In the event of an imperfect correlation between a position in a hedging instrument and the portfolio position that it is intended to protect, the desired protection may not be obtained, and the Flagship Funds, the Distressed Funds and the Lending Funds may be exposed to risk of loss. In addition, it is not possible to hedge fully or perfectly against any risk, and hedging entails its own costs and risks, such as counterparty risk. Silver Point may determine in its sole discretion not to hedge against certain risks or may not anticipate certain risks and certain risks may exist that cannot be hedged.

Leverage and Financing Risk. The Flagship Funds and the Distressed Funds may leverage their investments in order to enhance returns. Accordingly, the Flagship Funds' and the Distressed Funds' securities may be pledged in order to borrow additional funds for investment purposes. The Flagship Funds' and the Distressed Funds' investment return may be leveraged with options, short sales and other derivative instruments (including swaps).

Financing arrangements to which the Flagship Funds and the Distressed Funds are or may be subject may contain financial covenants, including limitations on the level of financing that may be provided, asset coverage requirements, limitations on restricted payments (including distributions), minimum performance requirements, issuer and industry diversification requirements, and other limitations and covenants. Furthermore, the financing terms (including, without limitation, terms related to margin requirements) contained in each of the Flagship Fund's and the Distressed Funds' prime brokerage arrangements may be changed by the relevant prime broker, subject to certain limitations.

While leverage presents opportunities for increasing the Flagship Funds' and the Distressed Funds' total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Flagship Funds and the Distressed Funds would be magnified to the extent the Flagship Funds and the Distressed Funds are leveraged. The cumulative effect of the use of leverage by the Flagship Funds and the Distressed Funds in a market that moves adversely to the Flagship Funds' and the Distressed Funds' investments could result in a substantial loss to the Flagship Funds and the Distressed Funds which would be greater than if the Flagship Funds and the Distressed Funds were not leveraged.

In general, the Flagship Funds' and the Distressed Funds' anticipated use of short-term margin borrowings results in certain additional risks to the Flagship Funds and the Distressed Funds. For example, should the securities pledged by the Flagship Funds and the Distressed Funds to brokers to secure margin accounts decline in value, the Flagship Funds and the Distressed Funds could be subject to a "margin call," pursuant to which the Flagship Funds and the Distressed Funds must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Flagship Funds' and the Distressed Funds' assets, the Flagship Funds and the Distressed Funds might not be able to liquidate assets quickly enough to satisfy their margin requirements.

None of the Flagship Funds will borrow money to acquire investments or satisfy obligations of the Flagship Funds in excess of two and one-half times the sum of (i) the net asset value of the Domestic Flagship Fund or the Master Flagship Fund (as applicable) and (ii) the aggregate amount of deferred management fees and incentive compensation (as applicable), if any, owed to Silver Point (each, as determined at the time of the borrowing); provided that the Flagship Funds may exceed such limit with respect to borrowings incurred to facilitate short trading activity and hedging activity.

Without the approval of the applicable investor representative, the outstanding principal amount of the borrowings or guarantees (other than interim financing or any leverage incurred in connection with derivative activities) by the Distressed Opportunities Funds that are recourse to the Distressed Opportunities Funds will not, in the aggregate, exceed 15% of the aggregate commitments of the investors at any time; provided, that the Distressed Opportunities Funds may exceed such limit with respect to borrowings incurred to facilitate short trading activity and hedging activity.

Without the approval of the advisory committee, the outstanding principal amount of the borrowings or guarantees (other than interim financing, or any leverage incurred in connection with derivative activities) incurred by the Distressed Institutional Funds that are recourse to the Distressed Institutional Funds will not, in the aggregate, exceed 20% of the aggregate commitments of the investors at any time; provided, that the Distressed Institutional Funds may exceed such limit with respect to borrowings incurred to facilitate short trading activity and hedging activity.

Without the approval of the advisory committee, the outstanding principal amount of the borrowings or guarantees (other than interim financing, including any subscription secured credit facility, or any leverage incurred in connection with derivative activities) incurred by the Distressed II Institutional Funds that are recourse to the Distressed II Institutional Funds will not, in the aggregate, exceed 20% of the aggregate commitments of the investors at any time (tested, with respect to any such indebtedness, at the time such indebtedness is incurred based on the principal amount of such indebtedness and the principal amount of all other indebtedness outstanding as of such date); provided, that the Distressed II Institutional Funds may exceed such limit with respect to borrowings incurred to facilitate short trading activity and hedging activity.

Back Leverage. Without limitation to the disclosure above under "*Leverage and Financing Risk*", the Flagship Funds and the Distressed Funds may (i) create an investment vehicle, contribute the Flagship Funds' and the Distressed Funds' assets to such investment vehicle (or make a follow-on investment directly through such investment vehicle), and cause such investment vehicle to incur borrowings, which may be secured by the investment vehicle's

assets or (ii) cause multiple of such investment vehicles to engage in joint borrowings and/or secure any such borrowings on a cross-collateralized basis. Any arrangements entered into by such investment vehicle (and not the Flagship Funds and the Distressed Funds themselves) will not be considered borrowings by the Flagship Funds and the Distressed Funds for purposes of any Fund-level limits on borrowings (or any limits on issuing additional interests) by the Flagship Funds and the Distressed Funds. The use of back leverage potentially enhances the return profile of these investments and the Flagship Funds and the Distressed Funds overall, but also increases the risk of the applicable investment, including the risks associated with collateralized investments held through the same leverage facilities. If the Flagship Funds and the Distressed Funds were to create one or more of such investment vehicles, the Flagship Funds and the Distressed Funds would depend on distributions from an investment vehicle out of such investment vehicle's assets, earnings and/or cash flows (or with the proceeds of back leverage incurred by such investment vehicle) to enable the Flagship Funds and the Distressed Funds to make distributions to the Limited Partners. The ability of such an investment vehicle to make distributions could be subject to various limitations, including the terms and covenants of the debt it issues. For example, tests (based on loan-to-value, interest coverage or other financial ratios or other criteria) may restrict the Flagship Funds' and the Distressed Funds' ability, as the holders of an investment vehicle's common equity interests, to receive cash flow from these investments. There is no assurance any such performance tests will be satisfied. Also, an investment vehicle may take actions that delay distributions to investors in order to preserve ratings and to keep the cost of present and future financings lower. As a result, there may be a lag, which could be significant, between the repayment or other realization on a loan to, and the distribution of cash out of, such an investment vehicle, or cash flows may be completely restricted for the life of the relevant investment vehicle.

Short Selling. The Flagship Funds and the Distressed Funds may sell securities short. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Flagship Funds' and the Distressed Funds' portfolios. A short sale of a security involves the risk of a theoretically unlimited loss from a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating any loss.

Position Limits. In addition to the requirement that each Flagship Fund not invest more than an amount equal to 15% of its net asset value (determined at the time of investment) in any single portfolio company without the consent of a majority in interest of such Flagship Fund's investors, the Flagship Funds may be subject to "position limits" imposed by various regulators. Such position limits may limit the Flagship Funds' ability to effect desired trades. Position limits are the maximum amounts of net long or net short positions that any one person or entity may own or control in a particular financial instrument. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if the Flagship Funds do not intend to exceed applicable position limits, it is possible that different accounts managed by Silver Point and its affiliates may be aggregated. If at any time positions managed by Silver Point were to exceed applicable position limits, Silver Point would be required to liquidate positions to the extent necessary to come within

those limits. Further, to avoid exceeding the position limits, the Flagship Funds might have to forego or modify certain of their contemplated trades.

Without the approval of the applicable investor representative, the Distressed Opportunities Funds may not invest more than 30% of the aggregate commitments in issuers whose principal business operations are or were (in the case of a liquidating issuer) in a single industry, as determined by the Distressed Fund GPs by reference to the Global Industry Classification Standard.

Without the approval of the applicable advisory committee, the Distressed Institutional Funds and the Distressed II Institutional Funds each may not invest more than (i) 20% of the aggregate commitments to such group of Funds in the financial instruments of any individual issuer and (ii) 30% of the aggregate commitments to such group of Funds in a single industry, as determined by the Distressed Fund GPs or the Distressed II GPs, as applicable, by reference to the Global Industry Classification Standard; provided, that the limitation in this clause (ii) shall not apply with respect to issuers that are determined by Silver Point to be liquidations.

Without the approval of the advisory committee, neither the SCF II nor the SCF III may invest more than 15% of the Benchmark Commitments (as defined in the SCF II's and the SCF III's respective governing documents) in the financial instruments of any individual issuer.

Risks of Options. A component of the Flagship Funds', the Distressed Funds' and the Lending Funds' investment programs may involve the purchase and sale of options. There are risks associated with the sale and purchase of call options and put options.

The value of an option may change because of a change in the value of the underlying securities, the passage of time, changes in the market's perception as to the future price behavior of the underlying securities, interest rates, or any combination of the foregoing. In the case of the purchase of an option, the risk of loss of an option buyer's entire investment in the option (i.e., the premium paid and transaction charges) reflects the nature of an option as a wasting asset that may become worthless at its expiration. Where an option is written (or sold) uncovered, the option seller may be liable to pay substantial additional margin, and the risk of loss is theoretically unlimited, as the option seller will be obligated to deliver, or take delivery of, a security at a predetermined price, which may, upon the exercise of the option, be significantly different from its market value at the time the option was initially written (or sold).

The Flagship Funds, the Distressed Funds and the Lending Funds may purchase and sell exchange-traded options on individual securities, securities sectors and/or securities indices. There can be no guarantee that there will at all times be a liquid market for all options. A market could become unavailable if one or more exchanges were to stop trading options or it could become unavailable with respect to options on a particular underlying stock if the exchanges stopped trading options on that stock. In addition, a market could become temporarily unavailable if unusual events (e.g., volume exceeds clearing capability) were to interrupt normal exchange operations. If an options market were to become illiquid or otherwise unavailable, an option holder would be able to realize profits or limit losses only by exercising and an option seller or writer would remain obligated until the option is exercised or until the option expires.

If trading is interrupted in an underlying stock, the trading of exchange-traded options on that stock is usually halted as well. Holders and writers of such options will then be unable to close out their positions until options trading resumes, and they may be faced with considerable losses if the stock reopens at a substantially different price. Even if options trading is halted, holders of options will generally be able to exercise them. However, if trading has also been halted in the underlying stock, option holders face the risk of exercising options without knowing the stock's current market value. If exercises do occur when trading of the underlying stock is halted, the party required to deliver the underlying stock may be unable to obtain it, which may necessitate a postponed settlement and/or the fixing of cash settlement prices.

Highly Volatile Markets. The prices of commodities contracts and all derivative instruments, including options prices, can be highly volatile. Price movements of forward and other derivative contracts in which the Flagship Funds', the Distressed Funds' and the Lending Funds' assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and financial instrument options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Flagship Funds, the Distressed Funds and the Lending Funds also are subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses.

Illiquidity and Credit Risk of Derivative Instruments. The Flagship Funds, the Distressed Funds and the Lending Funds may enter into transactions involving privately negotiated over-the-counter derivative instruments, including, without limitation, total-return, interest rate, non-U.S. currency and credit default swaps, over-the-counter options and forward contracts on securities, security indices and non-U.S. currency, and volatility and other swaps (each, a "Synthetic Asset"). There can be no assurance that a liquid secondary market will exist for any particular derivative instrument at any particular time. Although over-the-counter derivative instruments are designed to be tailored to meet particular financing needs and, therefore, typically provide more flexibility than exchange-traded products, the risk of illiquidity is also greater as these instruments can generally be terminated only by negotiation with the other party to the instrument. Over-the-counter derivative instruments, unlike exchange-traded instruments, are not guaranteed by an exchange or clearinghouse and thus may have greater credit risks.

Other Derivative Instruments. The Flagship Funds, the Distressed Funds and the Lending Funds may effectuate a portion of their investment objective indirectly through Synthetic Assets including, without limitation, total return swaps and credit derivatives.

Each Synthetic Asset that is a credit derivative or total return swap may reference one or more reference assets including leveraged loans, high yield bonds, second lien loans and other debt financings or securities (each, a "Reference Obligation"). Exposure to such Reference Obligations through Synthetic Assets presents risks in addition to those resulting from direct purchases of the securities or investments. The Flagship Funds, the Distressed Funds and the Lending Funds will have a contractual relationship only with a counterparty, and not with any issuer (each, a "Reference Entity") of a Reference Obligation unless an event of default occurs with respect to any such Reference Obligation, physical settlement

applies and the counterparty delivers the Reference Obligation to the Flagship Funds, the Distressed Funds and the Lending Funds. If the Flagship Funds, the Distressed Funds and the Lending Funds do not take delivery of the Reference Obligation, the Flagship Funds, the Distressed Funds and the Lending Funds likely will have no right directly to enforce compliance by the Reference Entity with the terms of any such Reference Obligation and the Flagship Funds, the Distressed Funds and the Lending Funds will not have any rights of set-off against the Reference Entity.

In the event of the insolvency of the counterparty, the Flagship Funds, the Distressed Funds and the Lending Funds will be treated as general creditors of the counterparty, and will not have any claim of title with respect to the Reference Obligations. Consequently, the Flagship Funds, the Distressed Funds and the Lending Funds will be subject to the credit risk of the counterparty, as well as that of the Reference Entity. As a result, entering into Synthetic Assets subjects the Flagship Funds, the Distressed Funds and the Lending Funds to an additional degree of risk with respect to defaults by the counterparty as well as by the respective Reference Entities.

While the Flagship Funds, the Distressed Funds and the Lending Funds expect that returns in connection with Synthetic Assets will reflect those of each related Reference Obligation, as a result of the terms of the individual Synthetic Asset instruments and the assumption of the credit risk of the counterparty, the Flagship Funds', the Distressed Funds' and the Lending Funds' Synthetic Assets will likely have a different expected return, a different (and potentially greater) probability of default and different expected loss and recovery characteristics following a default. In addition, entering into Synthetic Assets may also be done on a levered basis, which means that the returns in connection with an investment in a Synthetic Asset, whether positive or negative, may be higher than they would have been had the Flagship Funds, the Distressed Funds and the Lending Funds purchased the Reference Obligation directly.

Synthetic Assets may be less liquid and not as transferable as other obligations and may be subject to more variability between their market value and actual sale price of the underlying Reference Obligation than other obligations. In addition, there is no assurance that a buyer will be available or a termination value will be immediately determinable if the Flagship Funds, the Distressed Funds and the Lending Funds decide to sell or terminate a Synthetic Asset.

It is expected that the Flagship Funds, the Distressed Funds and the Lending Funds will not be able to transfer Synthetic Assets without the consent of the applicable counterparty. If the Flagship Funds, the Distressed Funds and the Lending Funds want to terminate their exposure to a Synthetic Asset and the counterparty objects, the Flagship Funds, the Distressed Funds and the Lending Funds may be obligated to continue to hold the Synthetic Asset. In addition, because the Synthetic Asset may not be liquid, it may be difficult to enter into an offsetting synthetic transaction at what Silver Point believes is the market price.

To enter into a Synthetic Asset, the Flagship Funds, the Distressed Funds and the Lending Funds generally will enter into a form of ISDA Master Agreement. The ISDA Master Agreement has "events of default" and "termination events" and an unwind methodology that is applicable to both parties. If an "event of default" or "termination event" occurs with respect to either party, the non-defaulting or non-affected party will have a right to designate an "early termination date", and the party will use a standard valuation methodology as specified in the ISDA Master Agreement to determine the termination price for all the

Synthetic Assets. Depending upon the market conditions when the early termination date is designated, the unwind price may be less than what Silver Point believes is a fair unwind price, particularly if the price is based upon third party quotations. For example, the credit markets have experienced a liquidity crisis, including the derivative markets on loans and leveraged finance instruments, which has made the sale and termination of derivative instruments difficult.

The Flagship Funds, the Distressed Funds and the Lending Funds may take advantage of opportunities with respect to certain Synthetic Assets that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Flagship Funds, the Distressed Funds and the Lending Funds and legally permissible. Special risks may apply to instruments that are invested in by the Flagship Funds, the Distressed Funds and the Lending Funds in the future that cannot be determined at this time or until such instruments are developed or invested in by the Flagship Funds, the Distressed Funds and the Lending Funds. For example, risks with respect to credit derivatives may include determining whether an event will trigger payment under the contract and whether such payment will offset the loss or payment due under another instrument. In the past, buyers and sellers of credit derivatives have found that a trigger event in one contract may not match the trigger event in another contract, exposing the buyer or the seller to basis risk. Other Synthetic Assets may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

Non-U.S. Currency. The Flagship Funds, the Distressed Funds and the Lending Funds may enter into non-U.S. currency option and forward contracts for speculative, hedging or other investment purposes. Non-U.S. currency option contracts (the right to buy or sell the underlying non-U.S. currency at a specific price in a specific currency) involve risks similar to the risks involved in trading securities options. Non-U.S. currency forward contracts (agreements to exchange one currency for another at a future date) involve a risk of loss if currency exchange rates move against the Flagship Funds, the Distressed Funds and the Lending Funds, unless such contracts are hedges of non-U.S. currency risk of the Flagship Funds, the Distressed Funds and the Lending Funds in their investments. As a result of the Dodd-Frank Act, the CFTC now regulates forwards and such forwards may be subject to clearing, exchange trading and other regulatory requirements. Therefore, a default by the forward contract counterparty may result in a loss to the Flagship Funds, the Distressed Funds and the Lending Funds for the value of unrealized profits on the contract or for the difference between the value of their commitments, if any, for purchase or sale at the current currency exchange rate and the value of those commitments at the forward contract exchange rate.

It is contemplated that most non-U.S. currency forward contracts will be with banks. There are no limitations on daily price moves of forward contracts. Banks are not required to continue to make markets in currencies. There have been periods during which certain banks have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the difference between the price at which the bank is prepared to buy and that at which it is prepared to sell). The imposition of credit controls by governmental authorities might limit the level of such forward trading to less than that which Silver Point would otherwise recommend, to the possible detriment of the Flagship Funds, the Distressed Funds and the Lending Funds. Neither the Commodity Futures Trading Commission nor the

U.S. banking authorities regulate forward currency transactions through banks. In respect of such trading, the Flagship Funds, the Distressed Funds and the Lending Funds are subject to the risk of bank failure or the inability of or refusal by a bank to perform with respect to such contracts.

Liquidity of Investments. The Flagship Funds', the Distressed Funds' and the Lending Funds' investments will include privately-held securities or other financial instruments which are generally less liquid than publicly-traded securities. Such investments may require a significant amount of time from the date of initial investment before disposition. The value of all illiquid securities and any marketable securities for which reliable quotations are not available (including Designated Investments) will be their fair value (which may be their cost) as determined pursuant to the policies and procedures described under the respective Flagship Funds', the Distressed Funds' and the Lending Funds' offering memoranda. There can be no assurance that the valuations assigned to such securities will ever be realized.

Non-U.S. Investments. The Flagship Funds', the Distressed Funds' and the Lending Funds' portfolios may consist of non-U.S. securities, financial instruments and other assets. Such investments require consideration of certain risks typically not associated with investing in the U.S. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the U.S. or non-U.S. governments, U.S. and non-U.S. withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in non-U.S. nations.

With respect to certain countries, there is a possibility of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of funds or other assets of the Flagship Funds, the Distressed Funds and the Lending Funds, political or social instability or diplomatic developments that could affect investments in those countries. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the markets of different countries, and their associated risks, are expected to change independently of each other.

There may be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the U.S., and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Securities markets outside the U.S., while growing in volume, have for the most part substantially less volume than U.S. markets, and many securities traded on these non-U.S. markets are less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, settlement of trades in some non-U.S. markets is much slower and more subject to failure than in U.S. markets. There also may be less extensive regulation of the securities markets in particular countries than in the U.S.

Additional costs could be incurred in connection with the Flagship Funds', the Distressed Funds' and the Lending Funds' international investment activities. Brokerage commissions outside the U.S. generally are higher than in the U.S. Expenses also may be incurred on currency exchanges when investments are changed from one country to another. Increased

custodian costs as well as administrative difficulties (such as the applicability of non-U.S. laws to non-U.S. custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalization and record access) may be associated with the maintenance of assets in non-U.S. jurisdictions.

Investments denominated in currencies other than the U.S. dollar have a price determined by reference to currencies other than the U.S. dollar. The Flagship Funds, the Distressed Funds and the Lending Funds value their securities and other assets in U.S. dollars. The value of certain of the Flagship Funds', the Distressed Funds' and the Lending Funds' assets fluctuates with U.S. dollar exchange rates as well as with price changes of the Flagship Funds', the Distressed Funds' and the Lending Funds' investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the Flagship Funds, the Distressed Funds and the Lending Funds make their investments will reduce the effect of increases and magnify the U.S. dollar equivalent of the effect of decreases in the prices of the Flagship Funds', the Distressed Funds' and the Lending Funds' investments in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of the Flagship Funds', the Distressed Funds' and the Lending Funds' non-U.S. dollar investments.

CFIUS & National Security/Investment Clearance Considerations. Certain investments by the Flagship Funds, the Distressed Funds or the Lending Funds that involve the acquisition of interests in a business connected with or related to national security or critical technology, critical infrastructure or the collection or maintenance of personal data of U.S. citizens may be subject to review and approval by the U.S. Committee on Foreign Investment in the United States ("CFIUS") and/or non-U.S. national security/investment clearance regulators depending on the beneficial ownership and/or control of interests in the relevant Fund. In the event that CFIUS or another regulator reviews one or more of the Flagship Funds', the Distressed Funds' or the Lending Funds' proposed or existing investments, there can be no assurances that such Fund will be able to maintain, or proceed with, such investments on terms it finds acceptable. CFIUS or another regulator may seek to impose limitations on or prohibit one or more of the Funds' investments. Such limitations or restrictions may prevent the Flagship Funds, the Distressed Funds or the Lending Funds from maintaining or pursuing investments, which could adversely affect the relevant Fund's performance with respect to such investments (if consummated) and thus such Fund's performance as a whole.

Assumption of Catastrophe Risks. The Funds may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; war, terrorism and other armed conflicts; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets or issuers in which a Fund invests (or has a material negative impact on the operations of Silver Point or the Funds' service providers), the risks of loss can be substantial and could have a material adverse effect on the Funds and the investors' investments therein. Furthermore, any such event may also adversely impact one or more individual investors' financial condition, which could result in substantial withdrawal requests by such investors as a result of their individual liquidity situations and irrespective of Fund performance.

Israel-Hamas Conflict. The active armed conflict in the Middle East between Israel and Hamas that commenced on October 7, 2023 has contributed, and may continue to contribute,

to volatility and instability in global markets in an unpredictable fashion for an uncertain duration. This active armed conflict could negatively impact the business and financial condition of the Funds in unpredictable ways. Actions taken in connection with armed conflicts are impossible to predict, and may have a negative impact on the Funds and their business strategies.

Even if any existing conflict is resolved in the near-to-mid-term, the Middle East has historically been subject to unsettled political conditions, ethnic, religious and social conflict and regional hostilities. Any geopolitical concerns that arise due to continued tensions in the Middle East may impede business activity and adversely affect the environment for the Funds' investments. The threat of potential or actual warfare or escalating political tensions in the Middle East may continue to contribute to instability and volatility in global financial markets in the future. There can be no assurance that such continued tensions will not become a problem in the future and thus adversely affect the Funds' returns.

Continued volatility in the financial markets and political systems in the Middle East may have adverse spill-over effects into the global financial markets generally (including the U.S.). The success of the Funds will be dependent in part on general economic and market conditions and activity, including interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These and similar factors could have an adverse effect on the liquidity and value of the Funds' investments and returns.

Cyber Risks. Silver Point depends heavily upon computer systems to perform necessary business functions. Despite its implementation of a variety of security measures, Silver Point's computer systems could be subject to cyber-attacks and unauthorized access, such as physical and electronic break-ins or unauthorized tampering. Like other companies, Silver Point may experience threats to its data and systems, including through malware and computer virus attacks, unauthorized access, system failures and disruptions. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, Silver Point's computer systems and networks, or otherwise cause interruptions or malfunctions in its operations, which could result in damage to its reputation, financial losses, litigation, increased costs, regulatory penalties and/or customer dissatisfaction or loss.

Climate Change-Related Risks. The environmental effects of climate change, including rising temperatures, extreme weather, fires, flooding, erratic weather fluctuations, agricultural failures and displacement and destabilization of human populations, could have materially adverse effects on the securities held by the Funds. Silver Point believes that such risks may increase over time, although the time period over which these consequences might unfold is difficult to predict.

In addition to the physical, economic and geo-political risks associated with climate change, there are transition risks. The willingness of certain governments, industries and businesses, especially those that profit from, or have a reliance on, fossil fuels, to adapt to climate change or transition to sustainable practices may also adversely affect the securities.

Regulatory changes and divestment movements tied to concerns about climate change could adversely affect the value of certain industries whose activities or products are seen as accelerating climate change, or ill-positioned in light of the economic and social demands

imposed by climate change. In recent years, certain investors have incorporated the business risks of climate change and the adequacy of companies' responses to climate change as part of their investment theses. These shifts in investing priorities may result in adverse effects on the trading price of securities if investors determine that the company has not made sufficient progress on climate change and environmental sustainability matters whether or not climate change proves to be as severe as predicted or preventable.

The values of securities whose performance is linked to assets and revenue streams that are exposed to climate change risk may readily be affected by both long-term, systemic effects of climate change, as well as severe environmental events whose occurrence is inherently unpredictable.

Trade Wars. The tariffs imposed by the U.S. government and the potential of a continued trade war between the U.S. and the People's Republic of China ("PRC"), and on a larger scale, internationally, may dampen global growth. Members of the U.S. Congress have made public statements indicating possible significant changes to U.S. trade policy and have taken certain actions that may impact U.S. and PRC trade, including imposing tariffs on certain goods imported into the U.S. It remains unclear what additional actions, if any, the governments of the U.S. and the PRC will take in respect of their bilateral trade, and what the timing may be of any such actions. The actions previously taken, as well as any future tariffs, new regulations or other burdens on international trade, may cause escalating responses through the use of local regulations, tariffs or other requirements on exports and imports. If the U.S. government, in the future, subjects the services that any of the Funds' issuers provide, or the goods used for such issuers to carry out their businesses, to proposed tariffs, the business operations and revenues of such issuers, and, by extension, the returns to the Funds, may be negatively impacted. The political relationships between the PRC and the U.S., as well as changes to international trade agreements, tariffs and import/export regulations, may affect the business operations of the Funds. Sustained tension between the United States and PRC and other countries over trade policies could significantly undermine the stability of the global economy. Any prolonged slowdown in the global economy may have a negative impact on the Funds and their issuers and their respective results of operations and financial condition, and continued turbulence in the international markets may adversely affect the Funds' or their issuers' ability to access the capital markets to meet liquidity needs. If any new legislation and/or regulations are implemented, or if existing trade agreements are renegotiated, or if the U.S. or the PRC impose additional burdens on international trade that negatively affect the ability of companies in the U.S. and the PRC to import and export goods, it may lead to a decline in demand for the services of the companies in which the Funds invest. In addition, new legislative or regulatory changes or additional burdens focused on particular industries may make it time-consuming and expensive, and, ultimately, impracticable, for companies to alter their business operations to adapt to or comply with such changes, and such operational changes, if implemented, could have a negative effect on the business and financial condition of the companies in which the Funds invest.

Civil Unrest. The U.S. is currently experiencing, and in recent years has experienced, increasing political and civil unrest and uncertainty. On September 17, 2020, Christopher Wray, Director of the U.S. Federal Bureau of Investigation, testified before the U.S. House Homeland Security Committee regarding certain threats to the U.S., including Domestic Violent Extremists ("DVEs"). Director Wray described DVEs as "individuals who commit violent criminal acts in furtherance of ideological goals stemming from domestic influences,

such as racial bias and anti-government sentiment." He testified that DVEs are driven by perceptions of government or law enforcement overreach, sociopolitical conditions, racism, anti-Semitism, Islamophobia, misogyny, and reactions to legislative actions and pose a steady and evolving threat of violence and economic harm to the U.S. He also noted that DVEs have responded to peaceful movements, including First Amendment-protected activities, through violence and that racially motivated violent extremists make up the largest sub-set of DVEs, with individuals subscribing to a white supremacist-type ideology as the largest portion of such sub-set. The FBI has elevated racially-motivated violent extremism to a "national threat priority," which allows the FBI to dedicate significant additional resources towards related law enforcement action. Political and civil unrest and uncertainty is heightened given that the U.S. held political elections during the unprecedented COVID-19 pandemic. As a result, voters requested mail-in or absentee ballots at an unprecedented rate. While historical evidence does not support the claim that mail-in or absentee ballots are inaccurate or lead to voter fraud, there have been attempts to cast into doubt the ability of the U.S. to run a free and fair election in 2020. Since the elections took place, election results have been contested, through the court system and otherwise, as a result of actual or perceived unfairness, undue influence or illegal action. Additionally, persons and organizations have claimed that certain political actions by certain governmental officials, in connection with the election or otherwise, are "corrupt" or a departure from historical norms. On January 6, 2021, DVEs and other persons participated in a violent riot at the U.S. Capitol, which resulted in extensive property damage and multiple fatalities. This period of political and civil unrest and uncertainty is likely to continue and may have a negative effect on the Funds and their issuers.

Political Risks: The Funds and their issuers could be adversely affected by changes in, or uncertainty surrounding, political events that are beyond their control or the control of Silver Point. For example, the outbreak of hostilities in or involving the U.S., Western European countries or elsewhere, the death of a major political figure or similar occurrences may have significant adverse effects on the investment results of the Funds. Investments may be subject to changing political environments, regulatory restrictions, sudden overturn of established norms and changes in government institutions and policies, any of which could adversely affect investments made by the Funds and their issuers.

Inflation Risk. The Funds and their issuers may have profitability linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangement. Typically, as inflation rises, a company will earn more revenue, but will incur higher expenses; as inflation declines, a company may not be able to reduce expenses in line with any resulting reduction in revenue. If any Fund's issuer is unable to increase its operating income in times of higher inflation, or reduce its expenses in times of lower inflation, its profitability will be adversely affected. While certain assets may rely on concessions to mitigate the inflation risk to cash flows through escalation provisions linked to the inflation rate, these provisions do not protect against the risk of a rise in real interest rates. Further, wages and prices increase during periods of inflation, which can negatively impact returns on investments, and increases in energy prices will have a ripple effect through the economy. In an attempt to stabilize inflation, countries may impose wage and price controls or otherwise intervene in the economy. Governmental efforts to curb inflation often have negative effects on the level of economic activity. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on the Fund and their issuers or on the Funds' returns.

Global Trade Developments. Global trade disruption, together with future downturns in the global economy, significant introductions of trade barriers and bilateral trade frictions between the United States and key export markets and major trading partners could adversely affect the financial performance of the Funds and the Funds could lose both invested capital in, and anticipated profits from, their affected investments.

Global Supply Chain Disruptions. The issuers of certain Funds may depend on goods and services that may be affected by disruptions to global supply chain networks. Such issuers' procurement of goods and services are subject to risks associated with political or financial instability, the availability of raw materials to suppliers, merchandise quality issues, trade restrictions, tariffs, currency exchange rates, labor problems, transport capacity and costs and other factors relating to foreign trade, including costs and uncertainties associated with potential sell-through difficulties and reputational damage that may be associated with such portfolio companies' inability to be able to provide their goods and services on a timely and quality basis as a result of any of the foregoing.

Russian Invasion of Ukraine. Commencing in 2021, Russian President Vladimir Putin ordered the Russian military to begin massing thousands of military personnel and equipment near its border with Ukraine and in Crimea, representing the largest mobilization since the illegal annexation of Crimea in 2014. President Putin has initiated troop movements into the eastern portion of Ukraine and continues to threaten an all-out invasion of Ukraine. On February 22, 2022, the United States and several European nations announced sanctions against Russia in response to Russia's actions. On February 24, 2022, President Putin commenced a full-scale invasion of Russia's pre-positioned forces into Ukraine, which could have a negative impact on the economy and business activity globally (including in the countries in which the Funds invest), and therefore could adversely affect the performance of the Funds' investments. Furthermore, the conflict between the two nations and the varying involvement of the United States and other NATO countries could preclude prediction as to their ultimate adverse impact on global economic and market conditions, and, as a result, presents material uncertainty and risk with respect to the Funds and the performance of their investments or operations, and the ability of the Funds to achieve their investment objectives. Additionally, to the extent that third parties, investors, or related customer bases have material operations or assets in Russia or Ukraine, they may have adverse consequences related to the ongoing conflict. In response to the Russian invasion of Ukraine in February 2022, the EU, the United States, the UK and other governmental entities have passed a variety of severe economic sanctions and export controls against Russia, including imposition of sanctions against Russia's Central Bank and largest financial institutions and bans and other restrictions on Russia's oil and other energy exports. In addition, a significant number of businesses have curtailed or suspended activities in Russia or dealings with Russian counterparts for reputational reasons. While current sanctions may not target the Funds or the issuers and industries in which the Funds invest more generally, these sanctions have had and may continue to have the effect of causing significant economic disruption and may adversely impact the global economy generally, and the Russian economy specifically by, among other things, creating instability in the energy sectors, reducing trade as a result of economic sanctions and increased volatility and uncertainty in financial markets, including Russia's financial sector. Additionally, any new or expanded sanctions that may be imposed by the United States, EU, UK or other countries may materially adversely affect the Funds' operations. Further, any sanctions might result in higher prices for gas, oil and other natural resources, which would result in higher costs for the Funds' investments to run their

respective businesses and might also contribute to inflation, which may reduce discretionary consumer spending.

Increased Regulatory Oversight. Increased regulation (whether promulgated under securities laws or any other applicable law) and regulatory oversight of and changes in law applicable to private investment funds and their managers may impose administrative burdens on Silver Point, including responding to examinations and other regulatory inquiries and implementing policies and procedures. Such administrative burdens may divert the Investment Manager's time, attention and resources from portfolio management activities to responding to inquiries, examinations and enforcement actions (or threats thereof). Regulatory inquiries often are confidential in nature, may involve a review of an individual's or a firm's activities or may involve studies of the industry or industry practices, as well as the practices of a particular institution.

Risk Factors with respect to the Lending Funds

Nature of Investments. The Lending Funds intend to invest a substantial portion of their commitments in senior secured loans and secondary purchases of debt issued by small and middle market companies, and to a lesser extent, preferred stock and equity investments.

- *Senior Secured Loans.* When the Lending Funds make a "unitranche" or senior secured term loan investment in a portfolio company, they generally take a security interest in the available assets of the portfolio company, including the equity interests of its subsidiaries, which is expected to help mitigate the risk that the Lending Funds will not be repaid. However, there is a risk that the collateral securing the loans may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise, and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital. In some circumstances, the lien could be subordinated to claims of other creditors. In addition, deterioration in a portfolio company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that the Lending Funds will receive principal and interest payments according to the loan's terms, or at all, or that the Lending Funds will be able to collect on the loan should they be forced to enforce its remedies.
- *Mezzanine or Other Junior Debt.* To the extent the Lending Funds invest in mezzanine or other junior debt, it may incur additional risks. Junior debt investments generally will be subordinated to senior loans and will either have junior security interests or be unsecured. As such, other creditors may rank senior to the Lending Funds in the event of an insolvency. This may result in greater risk and loss of principal.
- *Equity Investments.* When the Lending Funds invest in senior secured loans or mezzanine loans, they may acquire equity securities, including warrants, as well. In addition, the Lending Funds may invest directly in the equity securities of portfolio companies. The goal is ultimately to dispose of such equity interests and realize gains upon the disposition of such interests. However, the equity interests the Lending Funds receive may not appreciate in

value and, in fact, may decline in value. Accordingly, the Lending Funds may not be able to realize gains from their equity interests, and any gains that they do realize on the disposition of any equity interests may not be sufficient to offset any other losses.

- *Preferred Stock and Preferred Securities.* To the extent the Lending Funds invest in preferred securities, they may incur particular risks, including:
 - preferred stock and preferred securities generally include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer;
 - if the Lending Funds own a preferred security that is deferring its distributions or paying interest in-kind, they may be required to report income for U.S. federal income tax purposes before they receive such distributions and investors may be required to pay incentive compensation on non-cash accruals that ultimately may not be realized;
 - preferred securities are subordinated to bonds and other debt instruments in a company's capital structure in terms of priority to corporate income and liquidation payments, and therefore are subject to greater credit risk than more senior debt instruments, and preferred stock is similarly subordinated to preferred securities; and
 - generally, preferred stock and preferred security holders have no voting rights with respect to the issuing company unless preferred distributions or dividends have been in arrears for a specified number of periods, at which time the holders may elect a number of directors to the issuer's board, but only until all the arrearages have been paid.

Silver Point expects that a substantial portion of the Lending Funds' portfolios will consist of investments in private companies and companies with attributes that may be perceived as more risky or speculative by loan counterparties. These attributes include, but are not limited to: (i) borrowers with an imminent need for capital; (ii) borrowers with complex capital structures; (iii) borrowers undergoing corporate reorganizations or restructurings; (iv) borrowers in out-of-favor or misunderstood industries; and/or (v) borrowers pledging non-traditional assets as security. The Lending Funds' ability to make a fully informed investment decision may be constrained, as there is little public information available about private companies, which also may not have third-party debt ratings or audited financial statements. Insufficient access to information about market comparables may also constrain the quality of the investment decision process. The Lending Funds will depend on Silver Point to obtain adequate information through due diligence to evaluate the creditworthiness and potential returns from investing in these companies. If the Lending Funds are unable to obtain sufficient material information about the companies in which they invest, they may not make a fully informed investment decision and the Lending Funds may suffer losses.

Small and Middle Market Companies. The Lending Funds intend to invest primarily in small and middle market companies, which involves a number of significant risks, including:

- such issuers may have limited financial resources and may be unable to meet their obligations under their debt securities that the Lending Funds hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the SCF II realizing any guarantees the Lending Funds may have obtained in connection with their investment;
- they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- they are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on the portfolio company and, in turn, on the Lending Funds;
- they generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position;
- Silver Point may, in the ordinary course of business, be named as a defendant in litigation arising from investments in the portfolio companies;
- they generally have less publicly available information about their businesses, operations and financial condition and, if the Lending Funds are unable to uncover all material information about these companies, they may not make a fully informed investment decision; and
- they may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

Foreclosure Risks. It is possible that the Lending Funds may find it necessary or desirable to foreclose on certain loans. The foreclosure process is often lengthy and expensive. Borrowers may resist mortgage foreclosure actions by asserting numerous claims, counterclaims and defenses against the Lending Funds, including, without limitation, numerous lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action and force the lender into a modification of the loan or a favorable buy-out of the borrower's position. In some states, foreclosure actions can sometimes take several years or more to litigate. At any time prior to or during the foreclosure proceedings the borrower may file for bankruptcy, which would have the effect of staying the foreclosure actions and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the mortgaged property and may result in disrupting the ongoing leasing, management and operation of the property, and may negatively affect the sales price of the property.

There can be no assurance that there will be a ready market for resale of foreclosed properties because investments in real estate generally are not liquid; holding periods accordingly are difficult to predict, particularly as business plans may be revised to adapt to changing economic, business and financial conditions. In addition, there may be significant expenditures associated with holding real property, including real estate taxes and maintenance costs. The liquidation proceeds upon sale of the real estate may be less than the amount invested in the loan, resulting in a loss to the Lending Funds. Any costs or delays involved in the liquidation of the real estate will further reduce proceeds received and thus increase any loss.

Taking Possession of Underlying Collateral. The Lending Funds may take possession of collateral including, without limitation, an asset or business, through a purchase or foreclosure action. There can be no assurance that Silver Point or any management team established by Silver Point will be able to successfully operate, hold or maintain the collateral in accordance with the expectations of the Lending Funds, or that the Lending Funds will be able to profit from their investment in such collateral.

Risks Associated with Investing in Commercial and Industrial Loans; Real Estate as Collateral. Certain of the Lending Funds' loan investments may be subject to the risks inherent in the ownership of real property to the extent that real property may be underlying collateral for such investments. Factors that can affect the value of the loans that are targeted for investment by the Lending Funds include, without limitation, (i) the diversity and quality of a property's tenants, including whether the owner relies on a single or dominant tenant and the creditworthiness of any such tenant; (ii) the terms, including duration, of a property's leases with tenants; (iii) an economic decline in the business that occupies a property; (iv) a decline in a particular business segment, which thereby reduces demand for a particular type of space; (v) the physical attributes of a property (both individually and in comparison to competing properties), including, but not limited to, a property's age, its physical condition, design and appearance, its location and access to transportation, and its ability to offer amenities (e.g., sophisticated systems and/or wiring requirements); (vi) a property's technological attributes and adaptability to changes in a tenant's technological needs; (vii) the desirability of the neighborhood as a location; (viii) continued expenses for maintenance, refurbishment and modernization of existing facilities, even prior to their useful life; (ix) a decline in the managerial capacity or prowess of a business operator; (x) the strength of the local economy, including the cost of labor, quality of life and the tax environment; (xi) an adverse impact on the neighborhood's population, including employment growth (thereby creating demand for office space), each influence the ability of the borrower to repay the loan and the underlying value of the business occupying the property and (xii) acts of God and other factors beyond the control of Silver Point. In the event of a default of a loan, the Lending Funds may not fully recover the amount invested in the loan, which may result in a loss on such loan even if purchased at a discount.

Potential Environmental Liabilities. Under various U.S. Federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real estate (which may include lenders such as the Lending Funds in some instances) may be required to investigate and clean up any hazardous or toxic substances or petroleum product releases and may be liable for the costs in connection with such contamination. These laws typically impose clean-up responsibility and liability without regard to whether the owner knew of, or was responsible for, the presence of the contaminants, and the liability under such laws has been interpreted to be joint and several unless the harm is divisible and there is a

reasonable basis for allocation of responsibility. The cost of investigation, remediation or removal of such substances may be substantial, and the owner's liability as to any property is generally not limited to the value of the property and/or the aggregate assets of the owner. Furthermore, the presence of such substances on such property may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral.

Persons who arrange for the disposal or treatment of hazardous or toxic substances or petroleum products at a disposal or treatment facility may also be liable for the costs of removal or remediation of a release of hazardous or toxic substances or petroleum products at such disposal or treatment facility, whether or not the facility is owned or operated by such person. In certain circumstances, third-party lenders that have directed or had an active involvement in the environmental compliance activities or the day-to-day management of a borrower's facilities or that have taken possession of or title to such borrower's collateral may be liable for the costs of removal or remediation of a release of hazardous or toxic substances or petroleum products at the facility. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with contamination. In addition, the owner of a site may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. Certain U.S. Federal, state and local laws, regulations and ordinances govern the removal, encapsulation or disturbance of asbestos-containing materials when such materials are in poor condition or in the event of construction, remodeling, renovation or demolition of a building. These laws may impose liability for release of asbestos-containing materials and may provide for third parties to seek recovery from owners or operators of real property for personal injury associated with such asbestos-containing materials.

In connection with Lending Funds' debt investments, a Lending Fund, to the extent it has an active involvement in the environmental compliance activities of a borrower's facilities or takes possession of a borrower's collateral, may incur liability for environmental costs. Additionally, changes in environmental laws or in the environmental condition of an asset may create liabilities that did not exist at the time of acquisition and that could not have been foreseen.

Investments Longer Than Term. As a result of the expiration of the Lending Funds' term, the Lending Funds may not be able to advantageously dispose of their investments prior to the end of the term of the Lending Funds. In these circumstances, although Silver Point expects that investments (and their underlying collateral, if applicable) will be able to be disposed of prior to the end of the term of the Lending Funds, the Lending Funds may have to sell, distribute, or otherwise dispose of investments (or collateral) at a disadvantageous time for a price which is less than the price that could have been obtained if they were held for a longer period of time. Additionally, due to the illiquid nature of the collateral that underlies many of the positions which the Lending Funds are expected to acquire, as well as the uncertainties of the reorganization and active management process, Silver Point is unable to predict with confidence what the exit strategy will ultimately be for any given position.

Sourcing of Investments. Silver Point expects to source a substantial volume of the Lending Funds' investment opportunities through Silver Point's investment professionals, internal sourcing platform and external relationships. To the extent these sourcing channels do not present the Lending Funds with a sufficient volume of investment opportunities, or the opportunities presented are not suitable for investment by the Lending Funds, the Lending Funds' performance may be materially adversely affected.

Risk of Leverage. As part of the Lending Funds' business strategy, the Lending Funds may directly or indirectly leverage their investments through borrowings and may utilize leverage embedded in derivative instruments. This will result in the Lending Funds controlling more assets than the Lending Funds have capital contributions from investors. The presence of such leverage will magnify the volatility of the Lending Funds' investment portfolio and substantially increase the risk profile of the Lending Funds and their investments. Direct leverage increases the Lending Funds' returns if the Lending Funds earn a greater return on investments purchased with borrowed funds than the Lending Funds' cost of borrowing such funds. However, the use of leverage exposes the Lending Funds to additional levels of risk, including (i) net asset value declining more sharply than it otherwise would have had the Lending Funds not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions, (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Lending Funds' cost of borrowing such funds, (iv) general interest rate fluctuations, which may adversely impact the rate of return on invested capital and (v) financing arrangements which subordinate the Lending Funds' investors to its lenders and may include the right to withhold distributions of interest payments in respect of any or all investments of the Lending Funds for various reasons. If the assets and liabilities of the Lending Funds are not appropriately matched, adverse changes in interest rates could reduce or eliminate the incremental income created through the use of leverage. In the event of a sudden, precipitous drop in value of the Lending Funds' assets, the Lending Funds might not be able to liquidate assets quickly enough to repay their borrowings, further magnifying their losses, and may not be able to make distributions. The Lending Funds' ability to service any debt that they incur will depend largely on their financial performance and will be subject to prevailing economic conditions and competitive pressures. The financing costs of direct leverage will reduce cash available for distribution to investors.

If the Lending Funds themselves become subject to a liability, parties seeking to have the liability satisfied may have recourse to the applicable Lending Funds' assets generally and not be limited to any particular asset, such as the investment giving rise to the liability. The Lending Funds' financing arrangements may be structured generally as a portfolio financing where all investments are cross-collateralized and multiple investments may be subject to the risk of loss. As a result, the Lending Funds could lose their interests in several performing investments in the event any investment is cross-collateralized with poorly performing or non-performing investments.

Furthermore, any debt facility into which the Lending Funds may enter may impose financial and operating covenants that restrict business activities, ability to call capital, remedies on default and similar matters. In connection with borrowings, the Lending Funds' lenders may also require them to pledge assets, capital commitments and/or the proceeds of their capital calls. Debt facilities into which the Lending Funds enter may be subject to periodic renewal by lenders and there can be no guarantee that lenders will continue to extend credit to the Lending Funds.

Lastly, the Lending Funds may be unable to obtain their desired leverage, which would, in turn, affect their return on capital, resulting in reduced rates of return relative to projections.

Collateralized Loan Obligations. The Lending Funds may securitize certain investments, including through the formation of one or more collateralized loan obligations, or CLOs, while retaining all or most of the exposure to the performance of these investments. This would involve contributing a pool of assets to a special purpose entity, and selling debt

interests in that entity on a non-recourse or limited-recourse basis to purchasers. If a Lending Fund was to create a CLO or other securitization vehicle, it would depend on distributions from the vehicle to pay distributions to its limited partners. The ability of a CLO or other securitization vehicle to make distributions will be subject to various limitations, including the terms and covenants of the debt it issues. For example, tests (based on interest coverage or other financial ratios or other criteria) may restrict a Lending Fund's ability, as holder of a CLO or other securitization vehicle equity interest, to receive cash flow from these investments. Also, a CLO or other securitization vehicle may take actions that delay distributions to, among other things, retain cash or other assets to satisfy over-collateralization requirements commonly provided for holders of its debt. As a result, there may be a lag, which could be significant, between the repayment or other realization on a loan or other assets in, and the distribution of cash out of, a CLO or other securitization vehicle, or cash flow may be completely restricted for the life of the CLO or other securitization vehicle. In addition, a decline in the credit quality of loans in a CLO or other securitization vehicle due to poor operating results of the relevant borrower, declines in the value of loan collateral or increases in defaults, among other things, may force the sale of certain assets at a loss, reducing their earnings and, in turn, cash potentially available for distribution to the fund's limited partners. If a Lending Funds were to form a CLO or other securitization vehicle, to the extent that any losses were incurred by the financing vehicle in respect of any collateral, these losses would be borne first by such Lending Fund as owner of its equity interests. Any equity interests that the Lending Fund were to retain in a CLO or other securitization vehicle would not be secured by its assets and would rank behind all of its creditors.

Predatory and Other Lending Laws. Under the anti-predatory lending laws of some states, the origination of certain residential mortgage loans (including loans that are not classified as "high cost" loans under applicable law) must satisfy a net tangible benefits test with respect to the related borrower. This test may be highly subjective and open to interpretation. As a result, a court may determine that a residential mortgage loan, for example, does not meet the test even if the related originator reasonably believed that the test was satisfied.

Failure of residential mortgage loan originators or servicers to comply with these laws, to the extent any of their residential mortgage loans become part of the Lending Funds' mortgage-related assets, could subject the Lending Funds, as an assignee or purchaser of the related residential mortgage loans, to monetary penalties and could result in the borrowers attempting to rescind the affected residential mortgage loans. If the loans are found to have been originated in violation of predatory or abusive lending laws, and the Lending Funds have no right to indemnification or the sellers are unable to meet their indemnification obligations, the Lending Funds could incur losses, which could adversely impact the Lending Funds' results of operations, financial conditions and business.

State Licensing Requirements. The Lending Funds may be required to obtain various state licenses in order to, among other things, originate commercial loans, and may also be required to obtain similar licenses from other authorities, including outside the United States in connection with one or more investments. Applying for and obtaining required licenses can be costly and take several months. There is no assurance that the Lending Funds will obtain all of the licenses that they need on a timely basis. Furthermore, the Lending Funds will be subject to various information and other requirements in order to obtain and maintain these licenses, and there is no assurance that the Lending Funds will satisfy those

requirements. The failure to obtain or maintain licenses might restrict investment options and have other adverse consequences.

Illiquidity; Market for Investments in Portfolio Companies. A significant portion of the Lending Funds' investments will be in loans to private companies. The illiquidity of these investments may make it difficult for the Lending Funds to sell positions if the need arises. In addition, if a Lending Fund is required to liquidate all or a portion of its portfolio quickly, it may realize significantly less than the value at which it had previously recorded such investments. In addition, the Lending Funds may face other restrictions on their ability to liquidate an investment in a portfolio company to the extent that they hold a significant portion of a company's equity or if they have material non-public information regarding that company.

Potential Lack of Diversification. The Lending Funds' portfolio may be concentrated in a limited number of portfolio companies and industries. As a result, the aggregate returns the Lending Funds realize may be significantly adversely affected if a small number of investments perform poorly or if the Lending Funds need to write down the value of any one investment. Additionally, a downturn in any particular industry in which a Lending Funds is invested could significantly affect its aggregate returns. Market conditions, including increased competition, may also cause the Lending Funds' portfolios to be comprised of assets that differ significantly from Silver Point's expectations at the time of the initial offering of interests.

Need for Follow-on Investments. Following their initial investment in a given issuer, the Lending Funds may decide to provide additional funds to such issuer or may have the opportunity to increase their investment in an issuer. There is no assurance that the Lending Funds will make follow-on investments or that the Lending Funds will have sufficient funds to make all or any of such investments. Any decision by the Lending Funds not to make follow-on investments or their inability to make such investments may have a substantial negative effect on an issuer in need of such an investment, may result in a lost opportunity for the Lending Funds to increase their participation in a successful investment, may result in the Lending Funds' investments in the relevant issuer becoming diluted may result in a loss of value for the Lending Funds.

Original Issue Discount and Payment-in-kind Interest. Original issue discount ("OID") may arise if the Lending Funds hold securities issued at a discount, receive warrants in connection with the making of a loan, through contractual payment-in-kind ("PIK") interest (interest paid in the form of additional principal amount of the loan instead of in cash), or in certain other circumstances. The higher interest rates of OID instruments reflect the payment deferral and increased credit risk associated with these instruments, and OID instruments generally represent a significantly higher credit risk than coupon loans. Even if the accounting conditions for income accrual are met, the borrower could still default when actual payment to the Lending Funds are supposed to occur at the maturity of the obligation. OID instruments may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of any associated collateral. Depending on the amount of noncash income generated by OID and PIK, the Lending Funds may have difficulty funding distributions to investors, and may use leverage to do so.

Interest Rate Risk. The majority of the Lending Funds' debt investments are likely to be based on floating rates, such as SOFR, EURIBOR, the Federal Funds Rate or the Prime Rate.

General interest rate fluctuations may have a substantial negative impact on the Lending Funds' investments, the value of an investment in the Lending Funds and the rate of return on invested capital. On one hand, a reduction in the interest rates on new investments relative to interest rates on current investments could also have an adverse impact on net interest income, which also could be negatively impacted by borrowers making prepayments on their loans. On the other hand, an increase in interest rates could increase the interest repayment obligations of borrowers and result in challenges to their financial performance and ability to repay their obligations.

An increase in interest rates also could decrease the value of any investments the Lending Funds hold which earn fixed interest rates, including subordinated loans, senior and junior secured and unsecured debt securities and loans and high yield bonds, and also could increase the Lending Funds' interest expense, thereby decreasing net income. Also, an increase in interest rates available to investors could make investment in the Lending Funds less attractive if the Lending Funds are not able to increase their distribution rate, which could reduce the value of an investment in the Lending Funds.

A rise in the general level of interest rates typically leads to higher interest rates applicable to the Lending Funds' debt investments. Accordingly, an increase in interest rates may result in an increase in the amount of the incentive compensation payable to Silver Point. To the extent that the floating interest rates applicable to the Lending Funds' debt investments are subject to a negotiated cap or floor, the Lending Funds may be unable to capitalize upon favorable market fluctuations of interest rates.

Risk Factors with respect to the Select Opportunities Fund

To the extent the Select Opportunities Fund invests (i) pro rata alongside the Specialty Lending Fund, the SCF II, the SCF III and any other account managed by Silver Point with an investment program substantially similar to the Specialty Lending Fund, the SCF II and the SCF III, or (ii) alongside the Specialty Lending Fund, the SCF II, the SCF III and potentially other Funds on an "overflow basis" after such funds have received their entire desired share of each investment opportunity falling within the investment program of such funds but that exceed the capacity of such funds; the Select Opportunities Fund will be subject to some or all of the foregoing risks, depending on the risks associated with the applicable transaction or investment strategy. The Select Opportunities Fund is also subject to additional risks as described in the applicable offering documents.

Risk Factors with respect to the Silver Star Fund

To the extent the Silver Star Fund invests alongside the Specialty Lending Fund, the SCF II, the SCF III and potentially other Funds, in each case, on an "overflow basis" after such funds have received their entire desired share of each investment opportunity falling within their respective investment programs, as determined by the applicable fund's investment adviser; the Silver Star Fund will be subject to some or all of the foregoing risks, depending on the risks associated with the applicable transaction or investment strategy. The Silver Star Fund is also subject to additional risks as described in the applicable offering documents.

Risk Factors with respect to the Loan Funding

To the extent the Loan Funding invests (i) pro rata alongside the Specialty Lending Fund, the SCF II, the SCF III and any other account managed by Silver Point with an investment

program substantially similar to the Specialty Lending Fund, the SCF II and the SCF III, or (ii) alongside the Specialty Lending Fund, the SCF II, the SCF III and potentially other Funds on an "overflow basis" with respect to secondary opportunities after such funds have received their entire desired share of each investment opportunity falling within the investment program of such funds but that exceed the capacity of such funds; the Loan Funding will be subject to some or all of the foregoing risks, depending on the risks associated with the applicable transaction or investment strategy. The Loan Funding is also subject to additional risks as described in the applicable offering documents.

Risk Factors with respect to the Distressed Funds

Loan Origination. The Domestic Distressed Opportunities Fund, the Domestic Distressed Institutional Fund and the Domestic Distressed II Institutional Fund may originate loans, including secured and unsecured notes, senior and second lien loans, mezzanine loans, and other similar investments. The Domestic Distressed Opportunities Fund, the Domestic Distressed Institutional Fund and the Domestic Distressed II Institutional Fund may subsequently offer these investments (or portions thereof) for sale to its affiliates, including the Offshore Distressed Opportunities Fund, the Offshore Distressed Institutional Fund, the Offshore Distressed II Institutional Fund or affiliates thereof, or to third parties, which could include certain other investment funds or separately managed accounts managed by Silver Point or its affiliates. There is, however, no assurance that the Domestic Distressed Opportunities Fund, the Domestic Distressed Institutional Fund and the Domestic Distressed II Institutional Fund will complete any such sale as anticipated. In determining the target amount to allocate to such investments, the Domestic Distressed Opportunities Fund, the Domestic Distressed Institutional Fund and the Domestic Distressed II Institutional Fund may take into consideration the fact that it may sell, assign or offer participations in such investments to its affiliates or third parties as described above. If the Domestic Distressed Opportunities Fund, the Domestic Distressed Institutional Fund and the Domestic Distressed II Institutional Fund are unable to sell, assign or successfully close transactions for the loans that it originates, the Domestic Distressed Opportunities Fund, the Domestic Distressed Institutional Fund or the Domestic Distressed II Institutional Fund will be forced to hold its interest in such loans for an indeterminate period. This could result in the investments of the Domestic Distressed Opportunities Fund, the Domestic Distressed Institutional Fund or the Domestic Distressed II Institutional Fund being over-concentrated in certain borrowers.

In making loans, the Distressed Funds will compete with a broad spectrum of lenders, some of which may be willing to lend money on better terms (from a borrower's standpoint) than the Distressed Funds. Increased competition for, or a diminution in the available supply of, qualifying loans may result in lower yields on such loans, which could reduce returns to the Distressed Funds.

In addition, loan origination involves a number of particular risks that may not exist in the case of secondary debt purchases, including:

- When originating loans, the Domestic Distressed Opportunities Fund, the Domestic Distressed Institutional Fund and the Domestic Distressed II Institutional Fund will generally have to rely more on its own resources to conduct due diligence of the borrower, which will likely be more limited than the diligence conducted for a broadly syndicated transaction involving an underwriter;

- Loan origination involves additional regulatory risks (for example, the Domestic Distressed Opportunities Fund, the Domestic Distressed Institutional Fund and the Domestic Distressed II Institutional Fund may have to obtain licenses in certain jurisdictions, which it may fail to obtain or fail to maintain); and
- The borrowers may in some circumstances be higher credit risks who could not obtain debt financing in the syndicated markets.

In addition to the above, originating loans to private and middle-market companies involves risks that may not exist in the case of large, more established and/or publicly-traded companies, including:

- These companies may have limited financial resources and limited access to additional financing, which may increase the risk of their defaulting on their obligations, leaving creditors, such as the Distressed Funds, dependent on any guarantees or collateral that they may have obtained;
- These companies frequently have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render such companies more vulnerable to competition and market conditions, as well as general economic downturns;
- There will not be as much information publicly available about these companies as would be available for public companies and such information may not be of the same quality;
- These companies are more likely to depend on the management talents and efforts of a small group of persons; as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations;
- These companies generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance their expansion or maintain their competitive position; and
- These companies may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

Need for Follow-on Investments. Following its initial investment in a given issuer, the Distressed Funds may decide to provide additional funds to such issuer or may have the opportunity to increase its investment in an issuer. There is no assurance that the Distressed Funds will make follow-on investments or that the Distressed Funds will have sufficient funds to make all or any of such investments. Any decision by the Distressed Funds not to make follow-on investments or their inability to make such investments may have a substantial negative effect on an issuer in need of such an investment, may result in a lost opportunity for the Distressed Funds to increase their participation in a successful investment, may result in the Distressed Funds' investments in the relevant issuer becoming diluted may result in a loss of value for the Distressed Funds.

Risk Factors with respect to the Select B Opportunities Fund

To the extent the Select B Opportunities Fund invests pro rata alongside the Distressed Funds and/or the Flagship Funds, the Select B Opportunities Fund will be subject to some or all of the foregoing risks, depending on the risks associated with the applicable transaction or investment strategy. The Select B Opportunities Fund is also subject to additional risks as described in the applicable offering documents.

Risk Factors with respect to the Silver Point CLOs

To the extent the Silver Point CLOs pursue transactions or investment strategies similar to the other funds managed by Silver Point (*e.g.*, the Flagship Funds), the Silver Point CLOs will be subject to some or all of the foregoing risks, depending on the risks associated with the applicable transaction or investment strategy. The Silver Point CLOs are also subject to additional risks as described in the applicable offering documents.

ITEM 9
DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Silver Point's advisory business or the integrity of Silver Point's management.

ITEM 10

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Broker-Dealer Registration Status

Silver Point and its management persons are not registered as broker-dealers and do not have any application pending to register as a broker-dealer or registered representative of a broker-dealer.

Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status

Silver Point and its management persons are not registered as, and do not have any application to register as, a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

Material Relationship or Arrangements with Industry Participants

Silver Point does not have any relationships or arrangements that are material to its advisory business or to its clients with related persons that are industry participants.

Material Conflicts of Interest Relating to Other Investment Advisers

Silver Point generally does not recommend or select other investment advisers for its clients; however, Silver Point has the right to cause its Funds to enter into joint venture arrangements or co-invest with third parties, if Silver Point determines that such an arrangement represents the best way to access a particular investment opportunity or otherwise expand the investment expertise available to the Funds. The Funds may be subject to various costs relating to such ventures, including additional performance-based or fixed asset-based fees or allocations payable to the promoters, managers, finders or sub-advisors of such ventures.

Other Conflicts

The Funds will be subject to a number of actual and potential conflicts of interest involving Silver Point and its affiliates, employees or partners, including the Funds, accounts or sub-accounts (collectively, the "Silver Point Group"), including, among other things, the fact that: (i) the Silver Point Group conducts substantial investment, administrative and other related activities for the accounts of clients or members of the Silver Point Group (such accounts or clients, including the Funds, "Silver Point Accounts") in which a particular Fund has no interest; (ii) the Silver Point Group may form a new fund or account that utilizes the same, similar or different strategies, objectives and policies as the Funds and such fund or account may have the same, similar or different fee terms than the Funds; (iii) the Silver Point Group advises other Silver Point Accounts, which utilize the same, similar or different strategies, objectives and policies as a particular Fund, and may have financial incentives (including, without limitation, as it relates to the composition of investors in such funds and accounts or to the Silver Point Group's compensation arrangement) to favor certain Silver Point Accounts over such Fund; (iv) the Silver Point Group will use strategies similar, in whole or in part, to those of the Flagship Funds, the Lending Funds or the Distressed Funds in certain other Silver Point Accounts; (v) the Silver Point Group may give advice and recommend financial instruments to, or buy or sell financial instruments for, a Fund, which advice or financial instruments may differ from advice given to, or financial instruments recommended or

bought or sold for, other Silver Point Accounts; and (vi) the Silver Point Group and other Silver Point Accounts may actively engage in transactions in the same financial instruments sought by a Fund and, therefore, may compete with such Fund for investment opportunities or hold positions potentially in conflict with positions maintained on behalf of such Fund. Due to restrictions imposed on the Silver Point Group in connection with the management of other Silver Point Accounts, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Silver Point serves as the investment manager to the Silver Point Specialty Lending Fund, a business development company ("BDC"), and thus may be prohibited under the Company Act from participating in certain transactions with its affiliates without prior approval of the independent directors of such BDC and, in some cases, an exemptive order from the SEC. These prohibitions may affect the manner in which investment opportunities (including follow-on investments) are allocated between Silver Point Accounts. For example, the full investment opportunity could be allocated to the BDC or to one or more Silver Point Accounts other than the BDC, as applicable, where otherwise such opportunity would have been allocated in a *pro rata* or other manner in accordance with the allocation policies of the Silver Point Group. As a general matter, therefore, these restrictions may prohibit a Silver Point Account other than the BDC from effecting transactions (including restructurings) or participating in negotiations that might otherwise benefit such Silver Point Account if it involves simultaneous or related investments in, or in different parts of the capital structure of, the same issuer as that held by the BDC. A Silver Point Account other than the BDC may seek to gain exposure to, or otherwise participate in, such transactions (including restructurings) by acquiring or disposing of financial instruments in which it might not otherwise desire to transact.

Silver Point Accounts will make investments in the same issuers and conflicts of interest (or perceived conflicts of interest) may arise in connection with such investments or the sale of such investments, including as a result of the Funds investing in different levels of an issuer's capital structure or otherwise in different classes of an issuer's financial instruments or holder of a debt instrument with a different level of seniority. For example, if a Fund is investing in debt instruments, it may have an interest in negotiating financial or other terms (including repayment terms, covenants or events of default) that are more restrictive than another Silver Point Account, as an equity owner or a holder of a debt instrument with a different level of seniority, may desire. In addition, other Silver Point Accounts may make follow-on or other investments (including with respect to issuers in which a Fund has an investment) in which such Fund will not participate. These investments may create additional conflicts of interest among a Fund and such Silver Point Accounts. Furthermore, the Silver Point Group's ability to implement each Fund's strategies effectively may be limited to the extent that contractual obligations entered into in respect of the activities of the other Silver Point Accounts impose restrictions on such Fund engaging in transactions that the Silver Point Group may be interested in otherwise pursuing. The Funds and Silver Point Accounts may also have different risk-return profiles associated with their investments in an issuer and the Silver Point Group may be incentivized to enter or exit investments in a manner that is more beneficial to such Funds or other Silver Point Accounts as a result.

While these conflicts cannot be eliminated, the Silver Point Group endeavors to address, and has policies and procedures in place to review, manage and resolve, potential conflicts in a manner that is fair and equitable to each Fund and the other Silver Point Accounts. For

example, in addressing certain of the potential conflicts of interest described herein, to avoid a potential conflict of interest, or to address the changing nature or character of an investment in an issuer, the Silver Point Group may, but shall not be obligated to, cause a Fund or the applicable other Silver Point Accounts to divest itself of (or not purchase) a security or financial instrument in a particular class, series or tranche of an issuer's capital structure it might otherwise have, in some circumstances, held (or purchased). The application by the Silver Point Group of its policies and procedures is expected to vary based on the particular facts and circumstances surrounding each investment. The Silver Point Group's policies and procedures for addressing the conflicts between a Fund and the other Silver Point Accounts in these situations are intended to resolve the conflicts in a fair and equitable manner. Conflict resolution may result in a Fund receiving less consideration than it may have otherwise received in the absence of such a conflict of interest.

Orders of the Funds may be combined with orders for the other Silver Point Accounts, and if any order is not filled at the same price, orders may be allocated on an average price basis. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, securities may be allocated among the different accounts on a basis that the Silver Point Group considers fair and equitable. Situations may occur where a Fund could be disadvantaged because of the investment activities conducted by the Silver Point Group for other Silver Point Accounts.

Silver Point sponsors and manages the Silver Point CLOs (together with any other special purpose vehicles formed to acquire debt obligations, "Affiliated CLOs" and each, an "Affiliated CLO"), and the Flagship Funds have invested in the primary issuance of subordinated notes ("equity") and secured notes ("liabilities") of such Affiliated CLO, as Silver Point believes is appropriate in accordance with the Flagship Funds' investment objectives and Silver Point's allocation policies and procedures. The Flagship Funds may also, under certain circumstances, purchase, in the secondary market, equity and liabilities issued by an Affiliated CLO. Silver Point receives certain fees, incentive income and/or financial gains from Affiliated CLOs. However, in the case of the Flagship Funds' investment in the equity of an Affiliated CLO, Silver Point or its affiliates will waive or rebate all management fees and incentive income attributable to the Flagship Funds' investment in the equity of such Affiliated CLO (during any period of time that such Affiliated CLO equity investment is held by the Flagship Funds), so that the Flagship Funds will not bear two layers of management fees or performance compensation with respect to such investments.

There are conflicts with respect to the decision of whether or when to cause the Flagship Funds to sell equity it holds in any Affiliated CLO to a third party because Silver Point would then thereafter earn collateral management fees and incentive income with respect to the equity sold. There are also conflicts with respect to the decision of whether to cause the Flagship Funds to purchase equity in any Affiliated CLO since Silver Point would not earn collateral management fees or incentive income with respect to such equity.

Additionally, certain Silver Point partners, officers and employees may in the future purchase all or a portion of the equity and/or subordinated debt of certain Affiliated CLOs.

Where appropriate, Silver Point provides co-investment opportunities to investors and/or other third parties (including, without limitation, employees and partners of Silver Point). Silver Point is not obligated to offer any co-investment opportunities to investors and/or other third parties, and no investor or any other third party shall have any expectation

or right to be offered any co-investment opportunities. Co-investment opportunities are made available through limited partnerships, limited liability companies or other entities formed to make such investments. Subject to Silver Point's allocation policy, Silver Point allocates the available investments among investors, Silver Point Accounts and/or any third party as Silver Point may, in its sole discretion, determine. Silver Point Accounts offer investment opportunities to co-investors after they have allocated as much as is appropriate for their investment programs and circumstances, as determined by Silver Point.

The participation by one or more co-investors in an investment has the potential to present conflicts as a result of differing interests as between a Fund and such co-investors. In addition, a Fund's interest in an investment has the potential to be negatively impacted by the actions of a participating co-investor, including as a result of such co-investor's failure to fund any portion of its investment. Such co-investors may make co-investments on terms and conditions that are materially different from each other and the investment by such Fund, and these terms may be more or less favorable to such co-investors, including with respect to fees, expenses and other material terms. Some or all of the investors or other persons participating in a co-investment opportunity may be charged management fees, incentive compensation or other fees in connection therewith.

Silver Point's partners and employees have co-invested and expect to continue to co-invest with the Flagship Funds in certain investments. It is expected that Silver Point's partners and employees will continue to invest or co-invest in certain opportunities identified by Silver Point. Conflicts of interest may arise with respect to such investment opportunities, including with respect to the allocation of such opportunities between the Flagship Funds and Silver Point's partners and/or employees, and with respect to potential conflicts arising from the nature of certain investments as more fully described herein. Allocations of investment opportunities available to the Flagship Funds and Silver Point's partners and employees are made on a basis providing priority to the Flagship Funds.

The Specialty Lending Fund co-invests with other Funds or accounts managed by or for the benefit of Silver Point or its affiliates, including any vehicle formed by Silver Point or its affiliates whose principal purpose is to co-invest alongside the Specialty Lending Fund.

The Specialty Lending Fund is generally prohibited under the 1940 Act from participating in certain transactions with its affiliates without prior approval of the independent directors of the Specialty Lending Fund (the "Independent Directors") and, in some cases, the SEC. Any person that owns, directly or indirectly, 5% or more of the Specialty Lending Fund's outstanding voting securities is an affiliate of the Specialty Lending Fund for purposes of the 1940 Act, and the Specialty Lending Fund is generally prohibited from buying or selling any security from or to such affiliate, absent the prior approval of the Independent Directors. The 1940 Act also prohibits certain "joint" transactions with certain of the Specialty Lending Fund's affiliates, which could include investments in the same issuers (whether at the same or different times), without prior approval of the Independent Directors and, in some cases, the SEC. If a person acquires more than 25% of the Specialty Lending Fund's voting securities, the Specialty Lending Fund will be prohibited from buying or selling any security from or to such person or certain of that person's affiliates, or entering into prohibited joint transactions with such persons, absent the prior approval of the SEC. Similar restrictions limit the Specialty Lending Fund's ability to transact business with the Specialty Lending Fund's officers or directors or their affiliates.

These prohibitions will affect the manner in which investment opportunities (including follow-on investments) are allocated between the funds managed by Silver Point or its affiliates and Specialty Lending Fund. For example, the full investment opportunity could be allocated to the Specialty Lending Fund or to another Silver Point Account, as applicable, where otherwise such opportunity would have been allocated in a pro rata or other manner in accordance with the allocation policies of Silver Point. As a general matter, therefore, these restrictions may prohibit a Silver Point Account from effecting transactions (including restructurings) or participating in negotiations that might otherwise benefit such Silver Point Account if they involve simultaneous or related investments in, or in different parts of the capital structure of, the same issuer as that held by the Specialty Lending Fund, to the extent such investments constitute prohibited joint transactions under the 1940 Act. A Silver Point Account may seek to gain exposure to, or otherwise participate in, such transactions (including restructurings) by acquiring or disposing of financial instruments in which they might not otherwise desire to transact. Most importantly, the Specialty Lending Fund may only co-invest with other Silver Point Accounts or affiliates in Silver Point-originated loans and financings in accordance with the applicable regulatory guidance or the exemptive order obtained by the Specialty Lending Fund from the SEC permitting such co-investment activities.

Silver Point's policies and procedures are intended to produce fairness over time, but may not, and are not expected to, produce mathematical precision in the allocation of individual purchases and sales of securities.

The Distressed Funds, the Lending Funds, the Select Opportunities Fund, the Silver Star Fund and the Select B Opportunities Fund have entered into, and may in the future enter into one or more, financing arrangements with third-party lenders to bridge the limited partners' capital contributions, for other investment purposes or for purposes of paying expenses. The financings entered into by such Funds have been, and future financings may be, secured by a pledge of the asset related to the borrowing under the financing arrangement or to one or more other assets of such Funds, the limited partners' unfunded commitments or the respective Fund's general partner's right to call capital from the partners. In addition, any such financing may be personally guaranteed by certain partners of Silver Point (in such capacity, the "Guarantors"), which may give rise to potential conflicts of interest. The Guarantors will not receive any compensation for providing, or relating to, such a personal guarantee.

Silver Point may allocate any investment opportunities, in whole or in part, to the Select Opportunities Fund, the Silver Star Fund, the Loan Funding, the Select B Opportunities Fund, and other Funds or Silver Point Accounts, including third-party co-investors, strategic partners or other fund sponsors, including because Silver Point is incentivized to do so as a result of more favorable fee, expense and compensation structures.

Generally, expenses incurred directly in connection with a particular investment of the Select Opportunities Fund, the Silver Star Fund, the Loan Funding, the Lending Funds and other Silver Point Accounts or the Select B Opportunities Fund, the Distressed Funds and other Silver Point Accounts will be allocated among such Funds and other Silver Point Accounts pro rata based upon capital invested in such investment; provided that expenses specifically attributable to the Select Opportunities Fund, the Silver Star Fund, the Loan Funding, the Lending Funds, the Select B Opportunities Fund, the Distressed Funds or any other Silver Point Account may be allocated to such Funds or any such other Silver Point Account, as applicable. In addition, in order to facilitate an investment, the Funds may make (or commit

to make) an investment with a view to selling a portion of such investment to co-investors or other persons prior to or within a brief period after making such investment. In such event, the Funds will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms and that, as a consequence, the Funds may bear the entire amount of any break-up fee or other fees, costs, and expenses related to such investment, hold a larger portion than expected in such investment, or may realize lower than expected returns from such investment. The Funds will also bear the risk that any co-investors acquiring an interest in an investment after the closing of such investment may acquire such interest on terms that may not reflect the then-current value of such investment. The Funds may also borrow to fund the portion of an investment that it intends to sell to co-investors. If the prospective co-investors do not ultimately invest in such investment, the Funds will bear the interest and other expenses relating to any such borrowing or investment as well as any broken deal expenses. With respect to unconsummated investments that were intended to be allocated to the Select Opportunities Fund, the Silver Star Fund, the Loan Funding and/or the Select B Opportunities Fund, expenses will be allocated among all Silver Point Accounts that would have participated in such investment based on the intended allocation of such investment. With respect to such unconsummated investments, allocation decisions will be made based on Silver Point's best judgment of which Fund or Funds would have ultimately been allocated the transaction or a portion thereof had the investment been consummated.

This judgment is necessarily subjective, especially when a transaction is terminated particularly early on. Silver Point will allocate other expenses among the Select Opportunities Fund, the Silver Star Fund, the Loan Funding, the Lending Funds and other Silver Point Accounts or the Select B Opportunities Fund, the Distressed Funds and other Silver Point Accounts in a fair and equitable manner taking into account such factors as it deems appropriate.

While Silver Point and its investment personnel will generally devote to the Funds as much time as Silver Point deems necessary and appropriate to manage the business of the Funds, Silver Point and its investment personnel will have no obligation to devote any particular amount of time and attention to any particular Fund. The investment personnel of Silver Point (and the other service providers of the Funds) will continue to provide services to other Silver Point Accounts. Future activities of the Silver Point Group, including the establishment of other investment funds, may give rise to additional conflicts of interest.

ITEM 11
CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT
TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

Silver Point strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, Silver Point has adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles that all employees are expected to uphold:

- employees must act in the best interests of the Funds;
- employees must comply with all applicable laws, rules and regulations;
- all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided;
- employees must not take any inappropriate advantage of their positions; and
- information concerning the identity of securities held by, and financial circumstances of, the Funds and their investors must be kept confidential.

Clients and prospective clients may request to review the Code by contacting Silver Point at the address or telephone number listed on the first page of this document.

Cross Trades/Principal Transactions

Subject to applicable restrictions in Silver Point's written policies and procedures, Silver Point may determine that it would be in the best interests of certain clients to transfer a security from one client to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax, liquidity, leverage, rebalancing or other legal reasons. If Silver Point decides to engage in a Cross Trade, Silver Point will determine that the trade is in the best interests of each client involved, will take steps to ensure that the transaction is consistent with its fiduciary duties and will seek to obtain best execution for each of those clients.

When effecting cross transactions between clients, Silver Point, its affiliates and its personnel may have cross ownership interests and will potentially have conflicting loyalties and responsibilities. To the extent that such transactions may be viewed as principal transactions due to the ownership interest in the client by Silver Point, its affiliates or its personnel, Silver Point will comply with the requirements of Section 206(3) of the Advisers Act. In no event will a Fund engage in a principal transaction except where (i) a Fund selects one or more unaffiliated persons to consider and approve or disapprove principal transactions, and such committee approves such transaction, or (ii) to the extent a Fund has independent third party directors, such directors consider and approve of such transaction.

Investing in Securities that Silver Point or a Related Person Recommends to Clients

The Code places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to Silver Point on a periodic basis, and it requires that employees pre-clear certain types of personal securities transactions. Subject to internal compliance policies and approval procedures, and to the extent consistent with Silver Point's fiduciary duties to the Funds, Silver Point, its affiliates and its employees may invest on behalf of themselves in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of the Funds.

Silver Point, its affiliates and its employees may give advice or take action for their own accounts that may differ from, or conflict with advice given or action taken for the Funds. These activities may affect the prices and availability of other securities or instruments held by or potentially considered for one or more Funds. Potential conflicts also may arise due to the fact that Silver Point and its personnel may have different levels of investments in the various Funds.

Silver Point endeavors to monitor and resolve conflicts with respect to investment opportunities in a manner that it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described in Items 10 and 11 herein, and regular monitoring of employee transactions for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades.

Conflicts of Interest Created by Contemporaneous Trading

Silver Point manages investments on behalf of a number of clients. Certain clients have investment programs that are similar to or overlap and may, therefore, participate with each other in investments. It is the policy of Silver Point to allocate investment opportunities among all clients fairly, in accordance with each client's applicable investment strategies, over a period of time. Silver Point will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any other client solely because Silver Point purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the client.

It is expected that investment opportunities that are consistent with the investment strategies of two or more clients will be allocated among such clients in such proportion as Silver Point may deem to be fair and equitable. Among other considerations, in keeping with principles of fiduciary responsibility, the Silver Point Group may consider the following factors: (i) a client's objectives (whether such objectives are considered solely in light of the specific investment under consideration or in the context of such client's overall holdings) and investment limitations; (ii) the relative amounts of a client's capital available for new investment in total and in an investment strategy, asset class or based on other investment-related characteristics; (iii) the terms, structure and availability of financing in respect of an investment; (iv) the diversification of a client's overall holdings; (v) the size, liquidity and anticipated duration of the proposed investment; (vi) the potential for imbalances in a client's portfolio; and (vii) tax or legal issues. Investment allocation deviations or exceptions may be approved by Silver Point based on certain considerations, which may include: (i) liquidity, (ii) tax issues, (iii) legal issues, (iv) the availability of leverage with respect to an investment, (v) imbalances in relative holdings, or (vi) other circumstances in keeping with principles of

fiduciary responsibility. Such considerations, among others, may result in allocations among a Fund and one or more other Silver Point Accounts on a basis other than available capital, or the size of a fund (based on net asset value or commitments).

In determining how to allocate investment opportunities, Silver Point may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among a Fund and other Silver Point Accounts with differing fee, expense and compensation structures, the Silver Point Group may have an incentive to allocate investment opportunities to Silver Point Accounts from which Silver Point may derive, directly or indirectly, a higher fee or compensation. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a particular Fund.

Other Silver Point Accounts are expected to invest in the same or different investments from those invested in by a particular Fund, and such other Silver Point Accounts may make investments at the same or different times and at the same or different prices than such Fund. Although other Silver Point Accounts are expected to hold certain investments in common with a particular Fund, the trading strategy for such investments may differ materially, including that such Fund may engage in more short-term oriented purchase and sale opportunities. Other Silver Point Accounts may or may not participate in such short-term opportunities. As a result and due to numerous other differences in strategy, leverage, hedging and design, the performance across Silver Point Accounts will differ and may differ materially.

ITEM 12

BROKERAGE PRACTICES

Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

As noted previously, Silver Point has full discretionary authority to manage the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. Silver Point's authority is limited by its own internal policies and procedures and each Fund's investment guidelines.

With respect to the Funds, portfolio transactions will be allocated to broker-dealers on the basis of best execution and in consideration of the provision of certain investment-related services (including research services) and/or payment of the costs of investment-related research, which Silver Point believes to be of benefit to the Funds. Silver Point will use various brokers and dealers to execute, settle and clear securities transactions for the Funds. Subject to best execution, in selecting broker-dealers (including a prime broker) Silver Point may consider, among other things, the overall cost of the transaction; the size and type of the transaction; the nature of the market for the financial instrument; execution capability, speed and efficiency; market intelligence regarding the transaction; the extent to which the broker-dealer makes a market in the financial instrument involved or has access to such markets; the broker-dealer's financial stability; the broker-dealer's reputation for diligence, fairness and integrity; quality of service rendered by the broker-dealer in other transactions for Silver Point; confidentiality considerations; the quality and usefulness of research services and investment ideas presented by the broker-dealer; the broker-dealer's willingness to correct errors; the broker-dealer's ability to accommodate any special execution or order handling requirements in connection with any particular transaction; and other factors deemed appropriate by Silver Point. Accordingly, if Silver Point concludes that the commissions charged by a broker or the spreads applied by a dealer are reasonable in relation to the overall quality of services rendered by such broker or dealer (including, without limitation, the value of the brokerage and research products or services provided by such broker or dealer), the Funds may pay commissions to or be subject to spreads applied by such broker-dealer in an amount greater than the amount another broker-dealer might charge or apply. Silver Point need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Silver Point reviews, on at least a quarterly basis, the quality of brokerage executions.

Research and Other Soft Dollar Benefits

Although Silver Point does not have any formal "soft dollar" arrangements, from time to time, Silver Point may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting the Fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The use of "soft dollars", if any, generated by any of the Funds to pay for research and research-related products or services, if any, will fall within the safe harbor created by Section 28(e) of the Exchange Act, and will be subject to prevailing interpretations of Section 28(e) by the SEC. Silver Point believes it is important to its investment decision-making processes to have access to independent research.

Also, consistent with Section 28(e), research obtained with soft dollars generated by any of the Funds may be used by Silver Point to service clients other than such Fund, including clients that may not have paid for the soft dollar benefits. Silver Point does not seek to allocate soft dollar benefits to client accounts in proportion to the soft dollar credits the client accounts generate. Where a product or service provides both research and non-research assistance to any of the Funds, Silver Point will make a reasonable allocation of the cost that may be paid for with soft dollars.

If Silver Point uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Silver Point receives a benefit because it does not have to produce or pay for such products or services. Silver Point may have an incentive to select or recommend a broker-dealer based on Silver Point's interest in receiving research or other products or services, rather than on its clients' interest in receiving most favorable execution.

Silver Point reviews, on at least a quarterly basis, its order execution practices, the quality of brokerage services (including research) and the costs associated with such services. In no case will Silver Point make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

Brokerage for Client Referrals

Neither Silver Point nor any related person receives referrals from any broker-dealer or third party to manage any investment fund or managed account. From time to time, representatives of Silver Point may speak at conferences and programs sponsored by a broker for investors interested in investing in hedge funds. Through such "capital introduction" events, prospective investors in the Funds may meet with Silver Point. Neither Silver Point nor the Funds compensate the brokers for organizing such events or for any investments ultimately made by prospective investors attending such events, nor do they anticipate doing so in the future. The Funds may accept subscriptions from investors who also provide services to the Funds, including brokers and their affiliates. Relationships such as these could be viewed as creating a conflict of interest that potentially could affect Silver Point's ability to seek best execution. While Silver Point's relationship with brokers may influence it in deciding whether to use such broker in connection with brokerage, financing and other activities of the Funds, Silver Point will not commit to allocate a particular amount of brokerage to a broker in any situation. Furthermore, Silver Point conducts best execution reviews on at least a quarterly basis.

Directed Brokerage

Silver Point does not recommend, request or require that a client direct Silver Point to execute transactions through a specified broker-dealer.

Order Aggregation

To the extent permitted by applicable law, orders of clients may be combined with orders for other clients, and if any order is not filled at the same price, orders may be allocated on an average price basis. Each client that participates in an aggregated order should participate at the average price for all of the clients' transactions in that security at that time, with transaction costs shared pro rata based on each client's participation in the transaction. Silver

Point will generally execute client transactions on an aggregated basis when it believes that to do so will allow it to obtain best execution or reduce transaction costs. When aggregating orders, the clients will be treated in a fair and equitable manner. Situations may occur where a client could be disadvantaged because of the investment activities conducted by Silver Point or its affiliates for other clients. To the extent permitted by applicable law and while not disadvantaging any clients, orders of clients may be combined with orders for investment funds, accounts or sub-accounts of members of the Silver Point Group.

ITEM 13

REVIEW OF ACCOUNTS

Frequency and Nature of Review of Client Accounts

Silver Point, analysts, traders and the portfolio manager perform various daily, weekly, monthly, quarterly and periodic reviews of Fund positions.

Factors Prompting Review of Client Accounts Other than a Periodic Review

A review of a Fund account may be triggered by any unusual activity or special circumstance.

Content and Frequency of Account Reports to Clients

For any Fund for which Silver Point is deemed to have custody of client assets as provided for in Advisers Act Rule 206(4)-2, Silver Point provides audited financial statements to its clients within at least 120 days of the applicable Fund's fiscal year end.

Once a Fund starts making investments, investors in such Fund receive unaudited information at least quarterly regarding the performance of their Fund as well as other relevant information from time to time (which for the Flagship Funds currently includes, among other things, monthly investor letters and exposure reports). In addition, Silver Point issues tax reports and audited financial statements to investors on an annual basis. Investors may receive additional information (for example, in connection with due diligence requests), which is in addition to information provided in a Fund's regular reports to investors.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

Economic Benefits for Providing Services to Clients

Silver Point does not receive economic benefits from non-clients for providing investment advice and other advisory services to its clients.

Compensation to Non-Supervised Persons for Client Referrals

Neither Silver Point nor any related person directly or indirectly compensates any person who is not Silver Point's supervised person for client referrals. With respect to (i) the Distressed Opportunities Funds, (ii) the CLO 1, (iii) the Flagship Funds, (iv) the Distressed II Institutional Funds, (v) the CLO 2 and (vi) the CLO 3, Silver Point has engaged a placement agent to solicit prospective investors for investment in such Fund, and such placement agent is entitled to receive compensation for its services. Silver Point may in the future engage and compensate placement agents to solicit prospective investors for other Funds.

ITEM 15

CUSTODY

Silver Point is deemed to have custody of the funds and securities of each Fund (other than the Silver Point CLOs) because it has the authority to obtain such Fund's funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from the Fund's account. Account statements related to such Funds are sent by qualified custodians to Silver Point. Fund investors (other than investors in the Silver Point CLOs) receive annual audited financial statements prepared by independent public accountants. In addition, such Fund investors receive account statements from a third party administrator, which for certain Funds includes custody reports and account statements.

Silver Point does not have custody of the funds or securities of the Silver Point CLOs.

Silver Point is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, Silver Point is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it requires that each Fund for which it has custody be subject to an audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and Silver Point requires that each such Fund distribute its audited financial statements to all investors within at least 120 days of the end of its fiscal year.

ITEM 16
INVESTMENT DISCRETION

Silver Point or an affiliate serves as the management company with discretionary trading authority for each Fund.

Silver Point's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents.

Silver Point or an affiliate of Silver Point entered into an investment management or similar agreement with each Fund, pursuant to which Silver Point or an affiliate of Silver Point was granted discretionary trading authority.

ITEM 17

VOTING CLIENT SECURITIES

Silver Point has adopted proxy voting policies and procedures in compliance with Advisers Act Rule 206(4)-6. The general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities (collectively, "Proxies") in a manner that will best serve the interests of the applicable Funds, as determined by Silver Point in its discretion on a case-by-case basis.

In limited circumstances, Silver Point is expected to refrain from voting Proxies where Silver Point believes that not voting would be in the best interests of the applicable Fund, taking into consideration various factors, including, but not limited to, the costs associated with exercising the Proxy, legal restrictions on trading relating to the exercise of the Proxy and whether Silver Point has sold the underlying securities since the record date of the Proxy. Generally, the Funds may not direct Silver Point's vote in a particular solicitation.

Actual or perceived conflicts of interest may arise between the interests of the investing Funds on the one hand and Silver Point or its affiliates on the other hand. If Silver Point determines that an actual or perceived conflict may arise when voting Proxies pursuant to its proxy voting policies and procedures, Silver Point will evaluate the potential conflict and will determine how to proceed in accordance with its Proxy voting policies. The Funds may obtain a copy of Silver Point's Proxy voting policies and its Proxy voting record upon request.

Class Actions Lawsuits

As a fiduciary, Silver Point always seeks to act in its clients' best interests with good faith, loyalty, and due care. When Silver Point becomes aware that securities held in a client account have become the subject of a class action lawsuit, Silver Point will evaluate whether it is in the best interests of the client to participate in the class action. Silver Point generally credits any investment-related litigation recovery received for a Fund to current investors in that particular Fund.

ITEM 18
FINANCIAL INFORMATION

Silver Point is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.