

Item 1 - Cover Page

**HPS Investment Partners, LLC
Part 2A of Form ADV
(the “Brochure”)**

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This brochure provides information about the qualifications and business practices of HPS Investment Partners, LLC and its Relying Advisers as defined in Item 10. If you have any questions about the contents of this brochure, please contact us at (212) 287-6767 or via email at compliance@hpspartners.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

HPS Investment Partners, LLC is a registered investment adviser. Registration with the SEC does not imply a certain level of skill or training.

This brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein.

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

Item 2 - Material Changes

HPS Investment Partners, LLC (collectively with certain of its affiliates, “**HPS**”) routinely makes changes throughout its Brochure to improve and clarify the descriptions of its and its affiliates’ business practices and compliance policies and procedures and in response to evolving industry and firm practices.

Set out below are those changes that HPS believes reflect material changes since its last annual update of this Brochure filed on March 31, 2023.

- Item 4 has been updated to reflect (i) HPS’ assets under management as of December 31, 2023, and (ii) that HPS no longer provides investment advisory services to a business development company, that is now advised by an affiliate of HPS.
- Item 5 has been updated to reflect (i) certain fee offsets related to Client investments; (ii) additional fees received by HPS; and (iii) conflicts related to fees and expenses including as to affiliated service providers.
- Item 8 has been updated to reflect changes to certain investment strategies and risk factors, including with respect to valuation, investment limitations, sourcing, joint venture and operating partners, platform investments, various other geopolitical, regulatory and investment risks and developments.
- Item 10 has been updated to reflect (i) the registration of an affiliate of HPS as a broker-dealer with the SEC that provides certain placement services to HPS Clients and (ii) certain financial services industry activities and affiliations.
- Item 11 has been updated to reflect updated language to certain conflicts of interest.
- Item 14 has been updated to reflect the activities of HPS Securities with respect to Clients.

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Item 4 - Advisory Business

HPS Investment Partners, LLC, a Delaware limited liability company, was originally formed in March 2007 to focus on managing debt and equity investments, including loan, mezzanine, credit opportunities, private equity, real assets and other investments.

HPS is a subsidiary of HPS Group Holdings II, LLC. Scott Kapnick, Chief Executive Officer of HPS, is a principal owner of HPS through intermediate entities. For information regarding the direct owners, indirect owners and executive officers of HPS, please see Part 1A of this Form ADV.

HPS was originally formed as a unit of Highbridge Capital Management, LLC (“**HCM**”). HCM is a subsidiary of JPMorgan Asset Management Holdings Inc. (“**JPMAM**”), which in turn is a subsidiary of JPMorgan Chase & Co. (together with its affiliates, “**JPM**”). In March 2016, the principals of HPS acquired HPS and its subsidiaries from JPMAM, which retained HCM’s hedge fund strategies. In June 2018, affiliates of Dyal Capital Partners (now a business unit of Blue Owl Capital Inc.) made a passive minority investment in HPS. In February 2022, an affiliate of The Guardian Life Insurance Company of America made a passive minority investment in HPS.

HPS is a leading global private investment platform that focuses on both private and liquid credit strategies with the ability to invest across the entire non-investment grade credit landscape. HPS manages assets across a wide range of investment strategies, which include Asia credit, CLOs, credit opportunities, renewables and power, asset value, leveraged loans, liquid loans, mezzanine debt, opportunistic CLO, real estate, core senior loans, special situations, private equity and specialty loans, which are described more fully in Item 8. HPS is headquartered in New York with additional offices globally.

HPS generally provides investment advisory services directly and through its subsidiary advisory entities or affiliates to: (i) certain private investment vehicles including domestic and foreign partnerships and corporations sponsored and/or organized by HPS (“**HPS Funds**”); and (ii) separately managed accounts and single-investor vehicles that may be domestic or foreign partnerships or corporations each established by, or on behalf of, a single third party investor (or two or more affiliated third party investors) (collectively, “**Third Party Funds**” and together with HPS Funds, “**Clients**”).

HPS provides investment advisory services to the Clients pursuant to the investment objectives, strategies and restrictions, including, if applicable, customized investment guidelines, as set forth in each Client’s governing documents, which are received and agreed to by investors in the Clients prior to their investment in such Client and include, as applicable, an investment management agreement, organizational documents (such as limited partnership agreements or memorandum and articles of association), offering documents, side letter agreements and/or other documentation relevant to an investment in the Client, and together are collectively referred to as “**Governing Documents**.”

HPS has entered into side letter agreements or similar agreements pursuant to which certain investors are granted specific rights, benefits or privileges that are not generally made available to other investors.

At the outset of their relationship with HPS, investor(s) in a Third Party Fund consult with HPS to establish customized investment guidelines applicable to HPS’s management of the Third Party Fund’s investment portfolio. Such guidelines typically vary, at times significantly, among Third Party Funds with the same investment objective based on the specific needs of the underlying investor(s). The negotiated and tailored guidelines are agreed to in the relevant Third Party Fund’s Governing Documents, which can be amended as set forth in such Third Party Fund’s Governing Documents.

Without prior consultation with existing Clients, HPS will provide investment advisory services to additional Clients. Clients may also be solicited to invest, and do in some cases invest, in one or more HPS Funds.

HPS does not currently, but may in the future, participate in wrap fee programs.

As of December 31, 2023, HPS managed \$122,878,828,213 of Client assets on a discretionary basis and \$2,901,732,048 of Client assets on a non-discretionary basis. These amounts reflect regulatory assets under management as calculated in Part 1 of our Form ADV.

For the avoidance of doubt, all information discussed above regarding the investment advisory services provided by HPS to a Client is qualified in its entirety by reference to the relevant Client's Governing Documents.

Item 5 - Fees and Compensation

Fees Generally

HPS receives management fees and performance-based compensation for advisory services provided. In addition, Clients are charged other fees and expenses as described below. The description below is intended to provide a brief summary of the typical compensation received by HPS and is not intended to depict every scenario. Please refer to the Clients' Governing Documents for specific details.

HPS has the ability rebate, reduce and/or waive some or all of its management fee and/or performance-based compensation, as applicable, with respect to any investor in a Client, to the extent permitted by applicable law. HPS intends to rebate, reduce and/or waive some or all of its management fee and/or performance-based compensation with respect to, but not limited to, principals, employees, certain affiliates and sourcing, operating or joint venture partners of HPS as well as certain investment funds and accounts managed by HPS. Certain Clients offer size-based, early-closer or other fee reductions for investors in such Clients.

HPS's compensation for managing a Third Party Fund may be less than the compensation it receives for managing similar strategies for an HPS Fund. Conversely, investors in Third Party Funds may be subject to higher fees and expenses than what they would incur if they were invested in an HPS Fund where the fees and expenses would be borne by multiple investors. The fees and expenses charged to Third Party Funds are individually negotiated with the underlying investor(s) of the Third Party Fund and are established pursuant to such Third Party Fund's Governing Documents.

The receipt of any fees that do not offset the management fees discussed in this Item 5 as well as below in Item 6 presents HPS with an incentive to maximize the amount of such fees and to cause applicable Clients to make investments that could generate such fees even if HPS may not have otherwise made such investment for the Clients in the absence of such fees. In addition, because certain of HPS's Clients typically will not pay compensation until capital is drawn or investments are made, there is an incentive for HPS to call capital or to invest such Clients' capital earlier in such cases than it would have if management fees were based on capital commitments.

As discussed below, certain Clients, in particular those with structured credit strategies as a part of their investment program, make investments in collateralized loan obligation ("CLO") securities, particularly in equity or subordinated tranches issued by CLOs for which HPS or an affiliate serves as collateral manager (each, an "**HPS CLO**"). To the extent a Client purchases CLO equity of an HPS CLO, it is expected that HPS or its affiliate will reduce (or rebate) all or a portion of the fees that would have been paid indirectly by the Client to HPS or its affiliate as the collateral manager at the CLO level or that HPS will reduce (or rebate) the management fees charged to the Client with respect to the assets invested in the CLO. Conflicts associated with an investment by a Client in an HPS CLO are discussed below in Item 11.

Management Fee

Per the relevant Governing Documents of each Client, HPS is paid a quarterly, monthly or semi-monthly management fee generally at the beginning or end of each such period. The specific payment terms and other conditions of the management fees payable to HPS are set forth in the Governing Documents of each respective Client. Such Governing Documents generally provide for a management fee at an annual rate of up to 2%, based on leveraged or unleveraged invested capital, net assets or total commitments made in respect of the applicable Client. Notwithstanding this Item 5 and Item 6 below, a Client's Governing Documents may provide for a fee structure pursuant to which HPS is compensated on the basis of different criteria, metrics, or circumstances than those described herein, for example by receiving both a "base

management fee” and a “subordinated management fee” based upon the principal amount of collateral obligations held by such Client. In addition, the management fee payment obligation of certain Clients may be designed to change over the duration of such Clients’ investment program, including in the case of a management fee “step-down” at the end of a Client’s investment period or an increase if a certain performance threshold is achieved.

Performance-Based Compensation

In addition to the management fees described above, HPS generally receives a performance-based allocation or fee of up to 20% of each Client’s net profits, subject in certain but not all cases to a clawback or loss carryforward provision, as applicable. The specific terms and other conditions of such performance-based compensation are set forth in the Governing Documents of each respective Client. Performance-based allocations or fees are based on realized and/or unrealized net profits attributable to a Client, generally subject to or in excess of a hurdle or preferred rate of return to the Client. Generally, performance-based compensation is allocated or paid to HPS, as the case may be, either as of the end of each fiscal year or upon the making of any distribution to investors to which a performance-based allocation or fee relates. With respect to certain Clients, HPS is not entitled to receive any performance-based compensation.

Deduction of Fees

The management fees and/or performance-based fees, as applicable, described under this Item 5 and in Item 6 below are deducted from Clients’ assets for certain Clients, while other Clients, including certain Third Party Funds, are billed for such fees and compensation.

Performance-based allocations, when applicable, are reallocated from the capital account of the underlying investor to the capital account of HPS or its affiliate.

Certain Clients must pay their management fees in advance. Such Clients may terminate their management agreements in accordance with the terms of such agreements and receive a prorated refund of any prepaid management fees.

HPS may, in its sole discretion, reduce, waive or calculate differently all or a portion of the management fee and/or performance-based fees applicable to certain Client investors, including, without limitation, HPS and/or its employees or affiliates, relatives of such employees and certain large or strategic investors. Further, to the extent that a Client invests in another Client, it is expected that HPS will waive the management fee and performance-based fees applicable to the Client so that such Client is not subject to duplicative fees for the investment.

Additional Fees and Compensation

In addition to fees described above, HPS, for itself or on behalf of its operating partners currently receives with respect to an existing HPS Fund, and may in the future receive, monitoring fees with respect to certain portfolio company investments. Such fees are paid to HPS on a recurring basis for certain consulting services provided in respect of such investments. In addition, HPS receives agency or servicing fees with respect to certain investments and, with respect to one Client, a fee relating to ancillary services in connection with real estate investments. Unless otherwise detailed in the Governing Documents, Clients will generally not share (or economically benefit from) such monitoring, agency or other servicing fees. Further, per the relevant Governing Documents of certain Clients established to co-invest alongside other Clients on an overflow basis, HPS is paid an administrative fee of 0.25% per annum on the acquisition costs of investments held by certain of such Clients subject to a minimum amount.

Expenses

HPS, each of the Relying Advisers and any affiliated general partners will be generally responsible for all of their respective overhead costs and expenses, to the extent that such costs and expenses are not otherwise borne by one or more Clients.

In addition to the foregoing fees, each Client will generally pay the operating and investment expenses related to the affairs of such Client, including, but not limited to:

- (i) All out-of-pocket expenses (including any taxes associated therewith) incurred relating to the identifying, sourcing, investigating, making, holding, monitoring, servicing, valuing, sale or proposed sale of any actual or potential investment, such as retainers and success fees and other compensation paid to sourcing, operating or joint venture partners (discussed below in Item 8), deal initiation expenses, professional (including legal, consulting and due diligence) fees and expenses, research and data fees (including news, environmental, social and governance (“ESG”) data, market and quotation services), fees for pricing services, rating agency fees (including the expenses associated with obtaining ratings for individual assets, issuers or Client), due diligence costs and expenses, underwriting fees, fees to agents, clearing and settlement costs, trading commissions, brokerage commissions, dealer spreads, interest expenses and other expenses associated with leverage, custodial fees, bank service fees, legal, accounting and tax expenses relating to investments and other charges for or related to transactions, attending conferences (e.g., for analysts, industries or companies), lodging and other travel expenses related to business travel, and transportation, meals and related expenses, entertainment expenses, including any such expense associated with proposed investments that are ultimately not made by the Client (including those expenses allocable to a co-investor’s proposed participation in the relevant investment or that would have been borne directly or indirectly by co-investors if the relevant investment and any co-investment had been completed);
- (ii) all ongoing operational and administrative expenses of the Client that are not reimbursed by portfolio companies, including legal, compliance (including risk monitoring, ESG, cyber security, anti-corruption, anti-money laundering and other similar functions), auditing, accounting, consulting (including in connection with ESG-related matters), expert, investment banking, rating agency and other professional fees and financing fees, expenses related to updating the Client’s Governing Documents, maintenance of the Client’s books and records, due diligence costs, taxes, tax returns, tax compliance and expenses relating thereto, the applicable management fee, any applicable alternative investment fund manager fee, the fees and other expenses of the Client’s administrator (including middle and back office services as performed), and certain other service providers and counterparties and, if applicable, expenses related to third-party review or verification of such fees, expenses incurred in connection with the dissolution and liquidation of the Client, and expenses associated with the Client’s financial statements, preparation and compliance related thereto, expenses and costs in connection with any government and regulatory filings, expenses related to preparing investor and other reporting (including investor communications, reports to investors, ESG data collection, management and reporting services, compliance reporting and bespoke requests, in all cases whether prepared by an auditor, counsel, consultant or other professional or vendor) and any third-party verification of such data and reporting, limited partner advisory committee meetings, annual meetings, expenses related to actual or potential investor transfers (to the extent not reimbursed by the applicable transferor and/or transferee), costs of investor communications (including reports to investors), preparation and delivery to the investors of wires, financial reports, valuations, investment summaries and other information pursuant to

- the Client's Governing Documents and other administrative expenses of the Client, whether performed by HPS or by one or more third party service providers;
- (iii) the costs of governing bodies and all subsidiaries, underlying investment vehicles, and other vehicles through which investments are made, held or managed for legal, tax, regulatory or other considerations, including costs associated with the establishment of any such entities, overhead expenses in connection with the operation, dissolution and liquidation of any such entities and costs associated with establishing and maintaining a permanent residence in certain jurisdictions (such as rent for office space, related overhead and employee compensation and benefits and general partner (or similar governing body) fees and expenses);
 - (iv) all costs associated with borrowing including without limitation, any costs and expenses incurred in connection with or incidental to the incurrence or refinancing of any credit facility, loan servicing (assets and liabilities), guarantees or other obligations of the Client;
 - (v) all costs associated with currency conversion and hedging transactions (including hedging for interest rate, currency and other appropriate risks) as the general partner shall determine to be necessary or desirable to further the purposes of the applicable Client;
 - (vi) all insurance (as further described below in this Item 5), litigation-related and indemnification expenses incurred in accordance with, and subject to the limitations of, the Governing Documents of the Client;
 - (vii) the costs and expenses of organizing the Client, raising capital for the Client, and offering interests in the Client, including fees and expenses of counsel to and agents of the Client, the general partner and the manager, travel and travel-related expenses (including transportation, meal, business entertainment and lodging expenses) and other expenses, in each case, incurred in connection with the formation and marketing of the Client and related entities, the preparation of the Governing Documents, compliance with applicable laws or regulations and the offering of interests in the Client, including, among other things, legal expenses, expenses of reviewing subscription materials, costs and expenses of client events (including travel related thereto) and expenses of printing the documents related to the offering of various interests in the Client, whether incurred by the general partners or the investment managers;
 - (viii) unconsummated investment expenses and other charges for transactions as discussed below in this Item 5;
 - (ix) compensation paid to boards of directors, general partners or trustees of the Client, as applicable, and other administrative or operating expenses, including the costs of third-party portfolio analysis products and services (including software packages) and research costs and expenses (including, without limitation, third-party research products and services such as portfolio modeling and analyses, third-party pricing services, price quotation services, data feeds (*e.g.*, Bloomberg) (including any computer hardware and connectivity hardware (*e.g.*, telephone and fiber optic lines) incorporated into the cost of obtaining such research and market data), credit rating services and subscriptions or publications regarding investments) for, or allocated to, the Client, whether utilized by investment or non-investment personnel of HPS;
 - (x) travel and entertainment expenses related to the affairs of the Client, which may include expenses for the use of charter flights, first class or business class travel;

- (xi) travel and travel-related expenses not related to investments or potential investments (including, without limitation, transportation, meal, entertainment and lodging expenses) incurred in connection with the Client's business, including, without limitation, meetings with Investors and attending conferences (*e.g.*, for analysts, industries or companies);
- (xii) expenses incurred in connection with obtaining legal, compliance (including, with respect to, risk monitoring, ESG, cyber security, anti-corruption, anti-money laundering and other similar areas), tax, financial and accounting advice and the advice of other consultants and experts on behalf of the Clients (including in connection with ESG-related matters), including, without limitation, unaffiliated third-party service providers;
- (xiii) expenses incurred in connection with the registration and qualification or exemption of the Client under any applicable U.S. federal, state or non-U.S. laws;
- (xiv) out-of-pocket expenses incurred in connection with the collection of amounts due to the Client from any person;
- (xv) expenses incurred in connection with the preparation or distribution of any reports, circulars, forms or notices, or any tax preparation expenditures, including any costs or expenses incurred in connection with the preparation or distribution of tax information and tax returns, costs and expenses incurred in connection with compliance with FATCA obligations;
- (xvi) reasonable out-of-pocket expenses incurred by members of a limited partner advisory committee (or similar body) in connection with attendance at meetings of the limited partner advisory committee, including airfare and lodging;
- (xvii) expenses of limited partner advisory committee (or similar body) or fund advisory committee meetings and annual (or other) meetings of investors (including venues and meals);
- (xviii) any taxes (and any interest, additions to tax, penalties or expenses relating to any such taxes) directly or indirectly imposed on, or required to be paid or withheld by the Client or any of its affiliates with respect to the Client or any investor (including any entity taxes), but not including any taxes (or any interest, additions to tax, penalties or expenses relating to any such taxes) imposed on income attributable to or distributions made to, an investor as a result of such investor's residence or domicile or otherwise as a result of the tax status of such investor (which may be treated by the general partner as for the account or sub-account of that investor);
- (xix) extraordinary or non-recurring expenses (including, without limitation, indemnification expenses and advances of fees and expenses to indemnitees that may be subject to a right of indemnification under the Client's Governing Documents); and
- (xx) expenses related to investor transfers (to the extent not reimbursed by the applicable transferor and/or transferee).

For the avoidance of doubt, the above expenses are not meant to be an exhaustive list. When allocating expenses, HPS must first determine whether such expenses are the Client's "own" expenses (for example, because they fall within the categories noted above, are similar to such expenses or are extraordinary expenses of a Client, in each case as determined by HPS in its sole discretion) and therefore are to be borne by the Client or whether such expenses are expenses of HPS. In certain instances where expenses are incurred partially "for the benefit of" HPS and partially "for the benefit of" the Client, such expenses are allocated by HPS in a manner it determines to be fair and equitable, taking into account any factors it deems

relevant to the allocation of such expenses. In addition, where a particular expense or category of expenses is incurred by one or more Clients, HPS, at its discretion, generally allocates such expense or category of expense among the Clients in a manner it determines to be fair and reasonable over time. The factors considered by HPS in allocating expenses include, without limitation, the net asset value or capital commitments of each Client, the relative holdings of a specific investment among applicable Clients, and the degree of usage on behalf of, and the relative benefits to, HPS and/or its affiliate and each such Client, in each case as HPS determines in its discretion. Generally, investment-related expenses are allocated taking into account each applicable Client's net asset value (in the case of an open-end fund Client) or capital commitments (in the case of a closed-end fund Client) or in the case of a specific investment that has been consummated, the relative holdings of such investment among applicable Clients, generally including leveraged borrowings. However, certain investment-related expenses, including certain expenses related to sourcing investment opportunities generally (*i.e.*, not associated with any particular investment) are generally allocated based on the equity capital commitments of the relevant Clients, notwithstanding the fact that the investment itself may have been allocated based on equity capital commitments plus available or expected leverage of such other Clients. In such circumstances, Clients that do not utilize leverage in their investment programs may be allocated a larger proportion of investment-related expenses relative to their investment allocation size, due to the effect of leverage enhancing investment allocations. Similarly, broken deal expenses are generally allocated based on facts and circumstances as determined by HPS. For closed-end fund Clients, for example, broken deal expenses are typically allocated based on each Client's equity capital commitments plus available or expected leverage of such other Clients as such investment would have had been allocated on such basis had it been consummated. In other cases, for example for open-end fund Clients, broken deal and other investment-related expenses are generally allocated based on net asset value of such Clients, regardless of the degree of leverage utilized by such Clients in their investment programs. Lastly, Clients that are organized to invest only to the extent of available capacity after investment allocations are made to other clients are not allocated certain investment-related and other expenses (such as broken deal expenses or general investment sourcing expenses not associated with any particular investment), as there is no certainty that such Clients will receive an allocation with respect to any particular investment. In some circumstances, expenses (*e.g.*, certain research and data expenses) may be allocated among all Clients within an investment strategy even if expenses were incurred only with respect to or provide greater benefit to one or more specific Clients (*e.g.*, Clients focusing on specific sectors such as real estate or energy) or may be allocated to certain Clients only to the extent of the portion of their commitments that are expected to be deployed in specific sectors. In connection with joint ventures, certain Clients which are members of such joint ventures may incur expenses although other Clients benefit from transactions resulting from such joint ventures (similarly, certain fees that are earned in connection with joint venture transactions may only be paid to the Clients which are members of such joint ventures while other Clients that participate in transactions resulting from such joint ventures may not receive such fees). Such determinations are inherently subjective, may not be precise and can be expected to give rise to conflicts of interest. There can be no assurance that a different manner of calculation would not result in certain Clients bearing less (or more) expenses relative to other Clients or the Clients bearing less (or more) expenses relative to HPS and its affiliates. Please see "Co-Investment Allocations" in Item 11 for more detail regarding the allocation of expenses in connection with co-investments made alongside Clients.

Any transaction expenses relating to unconsummated investments generally will typically be borne by the relevant Client(s), except to the extent borne by co-investors or other third parties. Transaction-related expenses associated with consummated investments can, in certain circumstances, be charged to the relevant portfolio company rather than paid by the relevant Client(s). Depending on the circumstances, such transaction-related expenses may be paid directly by the portfolio company or capitalized into the cost of the transaction. The practice of causing a portfolio company to bear transaction related expenses can have the effect of reducing the overall amount of such expenses borne by a Client (insofar as it results in the other investors in the portfolio company bearing all or a portion of the expenses that might otherwise be borne by the Client). Such practice, however, can also result in an increase in the invested capital for

the investment for purposes of calculating the management fee payable to HPS, where a Client's management fee is calculated on the basis of invested capital, particularly in the case of equity investments. If transaction-related expenses relating to consummated investments are not paid directly by such portfolio company, then they will be paid by the applicable Client(s) and, depending on the circumstances, can still be included in the invested capital, including for purposes of determining a Client's management fees. The inclusion of transaction-related expenses in the determination of a Client's invested capital increases the basis upon which management fees are calculated, and HPS therefore has a conflict of interest in determining whether certain expenses are in fact transaction-related and the extent to which they may be included in the determination of a Client's invested capital. This conflict may, however, be mitigated to the extent that the inclusion of such amounts in invested capital increases the preferred return that must be received by the Client before HPS is able to receive carried interest or performance-based fees for the purposes of the Client's carried interest or performance-based fee waterfall.

With respect to certain Clients, HPS maintains an omnibus insurance policy that provides coverage to such Clients, certain indemnitees under such Clients' Governing Documents and HPS and its affiliates. The omnibus insurance policy provides coverage to HPS and its affiliates for events unrelated to Clients. HPS allocates the cost of such insurance policy among itself and the covered Clients in a manner it deems reasonable, and such allocation may change over time. Other Clients continue to maintain their own insurance policies pursuant to the respective Governing Documents.

Notwithstanding the foregoing, HPS has the ability to allocate any such expense on a basis other than as set forth above if HPS determines that such allocation would be more equitable. The allocation of expenses requires subjective judgement and is inherently imprecise. HPS seeks to be fair and reasonable over time when making such determinations. Additionally, where a Client owns an equity stake in a portfolio company, the value of its equity investment will be affected by expenses incurred by such portfolio company. Such expenses can include costs incurred by personnel of HPS in connection with board positions and other activities with respect to such portfolio company, including reimbursement for out-of-pocket expenses incurred in connection with such activities and monitoring, agency or other servicing fees HPS may receive from time to time.

With respect to costs associated with HPS's retention of service providers for the benefit of Clients or portfolio investments, while HPS may, in its discretion (subject to a Client's Governing Documents) seek to obtain benchmarking data regarding the rates charged or quoted by other third parties for similar services, HPS generally is under no obligation to do so. In the event that HPS does undertake to benchmark the cost of services, relevant comparisons may not be available for a number of reasons, including, without limitation, as a result of a lack of a substantial market of providers or users of such services or the confidential or bespoke nature of such services. In addition, benchmarking data, to the extent available, often is based on general market and broad industry overviews, rather than determined on a provide-by-provider or asset-by-asset basis. As a result, benchmarking data typically does not take into account specific characteristics of individual assets then owned or to be acquired by a Client (such as size or location), or the particular characteristics of services provided or differentiations in the quality of service (such as reliability, speed of execution, degree of specialization or experience of the service provider). For these reasons, such market comparisons may not result in precise market terms for comparable services, and the fact that one service or service provider may be "comparable" to another, or lower in cost, does not limit HPS from choosing a different and/or higher cost service provider in the event that HPS believes doing so can be expected to result in services that are of higher quality or otherwise better suited to the identified need. In many circumstances, HPS can be expected to determine that third-party benchmarking is unnecessary, for example because in HPS's view no comparable service provider offers such good or service (or an insufficient number of comparable service providers for a reasonable comparison exists), or because HPS has access to adequate information (including from service providers to HPS, its Clients or portfolio investments) or otherwise believes that it has sufficient experience to select a service provider

without reference to third-party benchmarking. HPS may hold (and currently holds), and its principals and employees may hold, interests in service providers that HPS retains for the benefit of one or more Clients. Those interests entitle (and any others held in the future may entitle) HPS to receive distributions made by such service providers, and/or entitle HPS to receive compensation in the event of a sale of the business of such service providers. These relationships create a conflict of interest and an incentive for HPS to retain such service providers on behalf of Clients.

See Item 11 for more detail on HPS' use of service providers and Item 12 for more detail on HPS's brokerage practices.

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

As described in the response to Item 5 above, HPS and its affiliates receive performance-based compensation from certain Clients. Certain employees of HPS manage both accounts that are charged a performance-based fee and accounts that are charged only a management fee.

HPS has a conflict of interest between its responsibility to act in the interests of the Clients, on the one hand, and any benefit, monetary or otherwise, that may result to it or its affiliates from the services provided to the Clients, on the other hand. For example, with respect to Clients from which HPS receives only a management fee, HPS has an interest in engaging in relatively safe investments in order to receive such management fee. For those Clients for which HPS may only collect a management fee calculated based on the invested capital (including or excluding leveraged borrowings, as applicable) regardless of the point in the Client's investment period, HPS has an interest in making investments it otherwise would not have made in order to receive such management fee or at a pace which HPS might not otherwise invest if management fees were based on capital commitments.

On the other hand, with respect to Clients from which HPS receives performance-based compensation (including the carried interest or incentive fee paid to the general partners or special limited partners affiliated with HPS), HPS has an interest in engaging in riskier or more speculative investments than would be engaged in if the performance-based compensation did not exist in order to increase the potential compensation with respect to such Clients. HPS is also incentivized not to permanently write down or write off or dispose of an investment that has poor prospects for improvement in order to receive ongoing management fees in respect of such investment and potential carried interest or incentive fee distributions if such asset appreciates in the future. In addition, the method of calculating the carried interest or incentive fee results in conflicts of interest between HPS, on the one hand, and the investors, on the other hand, with respect to the management and disposition of investments. Additionally, the existence of a clawback obligation creates an incentive for HPS to defer the disposition of one or more investments if those investments would result in a realized loss, a return on investment that was less than the preferred return and/or the finalization of dissolution and liquidation of a private fund where a clawback obligation would be owed.

HPS also has an incentive to favor a Client that pays performance-based compensation over a Client that pays management fees only or pays lower performance-based compensation.

The HPS Funds have different performance-based compensation arrangements, which subjects HPS to other potential conflicts of interest with respect to the allocation of investment opportunities. For example, the performance-based compensation for the open-ended funds is generally based on such funds' realized and unrealized performance at the end of each fiscal year or other calculation period, while the performance-based compensation for the closed-end funds is generally paid only after the proceeds from their investments have been realized. HPS could be incentivized to favor accounts that pay performance-based compensation sooner than other accounts or that pay higher performance-based compensation than other accounts. HPS receives different amounts of management fees and/or performance-based compensation from a Client as compared to one or more Clients investing alongside it. As a result, HPS's interests with respect to each is not necessarily aligned, and it is incentivized to favor one or more Clients paying higher management fees and/or performance-based compensation over a Client when allocating investment opportunities.

In order to seek to address the potential conflicts with respect to the management of one or more Clients, HPS has developed policies and procedures that provide that HPS will allocate investment opportunities and make purchase and sale decisions among applicable Clients in a manner that HPS considers, in its sole discretion, to be fair and equitable, please refer to Item 11.

Item 7 - Types of Clients

As described in the responses to Items 4 and 5 above, HPS and its affiliates provide investment advisory services to: (i) HPS Funds; and (ii) Third Party Funds. Such Clients generally are managed accounts, domestic and foreign limited partnerships, companies, limited liability companies, trusts and other vehicles that are not registered or required to be registered under the U.S. Investment Company Act of 1940, as amended (the “**Company Act**”). In addition, the securities issued by the Clients are not registered or required to be registered under the Securities Act of 1933, as amended (the “**Securities Act**”), and are generally privately placed to qualified investors in the United States and elsewhere.

The investors in the Clients are primarily sophisticated investors, which include, but are not limited to, financial institutions, public and corporate pension funds, sovereign wealth funds, funds of funds, endowments, foundations and family offices, as well as individuals. All investors are subject to applicable suitability requirements. Generally, an investor participating in an HPS Fund or Third Party Fund is required to meet certain suitability and net worth qualifications, including that such investor be (i) an “accredited investor” within the meaning of Rule 501 of Regulation D under the Securities Act and (ii) either (a) a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act or (b) a “knowledgeable employee” within the meaning of Rule 3c-5 of the Investment Company Act.

Generally, the minimum initial investment amount for investors in the HPS Funds is between \$100,000 and \$10,000,000. The minimum initial investment amount generally can be waived at the discretion of the general partner, board of directors, trustees and/or administrator of each HPS Fund, but not below an amount required under applicable law.

Agreements with Certain Investors

Certain investors in the HPS Funds or Third Party Funds have been granted and in the future additional investors may be granted one or more of the following rights with respect to their investments: (i) a reduced management fee and/or performance-based compensation and/or operating expense; (ii) the right to receive improved fees, liquidity, information rights and other terms received by other investors; (iii) the right to receive certain additional information with respect to certain funds, including position-level portfolio information or events related to HPS; (iv) the right to reserved capacity for a certain fund; (v) notification to the investor with respect to the investor’s ownership percentage of a certain fund; (vi) limitation on the investor’s ownership percentage of a certain fund below certain thresholds; (vii) notification to the investor with respect to the ownership by benefit plan investors of a certain fund’s equity classes; (viii) certain limitations on an investor’s confidentiality obligations under a certain fund’s organizational documents pursuant to laws or regulations to which the investor is subject (such as the public information or “sunshine” laws); and (ix) an acknowledgement that such investor is entitled to sovereign status under U.S. federal, state or non-U.S. law.

In addition to the above, certain investors in the HPS Funds or Third Party Funds have been granted and in the future additional investors may be granted one or more additional rights with respect to their investments, including, but not limited to: (i) the right to opt out of the requirement to fund capital calls or otherwise be excused from participating in certain investments due to regulatory, tax or public policy or the investor’s internal considerations; (ii) the right to designate one member of an investor advisory or oversight committee; (iii) rights with respect to distributions in kind; (iv) rights with respect to transfers of interests; (v) the right to receive information regarding the investment and/or disposition strategy of the Client; (vi) an acknowledgement that such investors are interested in learning about potential co-investment opportunities; (vii) the right to provide selected confidential information to regulators or other recipients, (viii) the right to modifications to an investor’s subscription agreement, (ix) arrangements with respect to waivers of certain obligations, and (x) agreements by a general partner (or similar governing body) to refrain

from exercising certain remedies or taking certain actions against an investor (including in connection with a default by such investor).

Such rights can be, and have been, granted on the basis of (i) the size, nature, timing or other features of the investor's investment in, or commitment made to, a Client, (ii) the type, category, nature, specificity or other features of the investor, (iii) the involvement or participation in Client's, HPS's or the applicable general partner's management or activities (whether past, present and/or future; in each case only to the extent permitted under applicable laws), or (iv) any other criteria, element or feature as may be determined from time to time by, and in the discretion of, HPS or the applicable general partner, to extent that such is not inconsistent with applicable laws and regulations.

Certain investors will be granted "most favored nation" rights (an "MFN") in their side letter, which will give such investors the right to review and/or elect the benefit of certain side letter rights granted to other investors that have made the same or smaller commitments to the Client. However, certain provisions will not be subject to disclosure or election, in all cases in accordance with the terms of the MFN. The general partners will make certain decisions regarding how to implement the MFN, including what information to redact when side letters are shared, whether an investment policy or practice is unique to a limited partner (and therefore not disclosable or electable) and whether certain affiliated, related or commonly advised investor commitments should be aggregated for purposes of the MFN. Further, the terms agreed with certain investors, including investors that are affiliated with or managed by the general partners, will be carved out in accordance with the terms of the MFN.

Certain investors may engage investment consultants to evaluate a potential investment by such investors in a Client and/or monitor such investment on an ongoing basis. Such Client could have an incentive to agree to provide additional information to such investment consultants, offer fee breaks to clients advised by such investment consultant (including by aggregating such investors for purposes of the MFN) or provide other benefits because such investment consultants may refer additional investors to the Clients.

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

Methods of Analysis

HPS combines a disciplined investment approach with a substantial platform for transaction sourcing. Through this platform, investment professionals expect to identify and invest in a select number of investment opportunities. HPS investment professionals seek to adhere to Clients' investment guidelines and employ HPS's core principles of investment analysis, due diligence, active portfolio management and risk management. While the methods of analysis will vary depending on the specific investment strategy, HPS's investment professionals endeavor to employ the following key tenets as part of their investment due diligence and monitoring process:

Disciplined Screening Process. The investment teams intend to adhere to a disciplined, focused investment screening and selection process with an emphasis on rigorous analysis and appropriate levels of due diligence. HPS's due diligence and risk management processes utilize and benefit from the substantial resources within HPS. HPS also retains on behalf of its Clients, in certain situations, external consultants, advisors and accountants to augment due diligence.

Global Sourcing Platform. HPS expects its investment selection process to be significantly enhanced by a global sourcing platform and will seek to build a strong pipeline of investment opportunities through the relationships maintained by its investment professionals and HPS.

Focusing on Fundamental Analysis, Due Diligence and Capital Preservation. To an appropriate extent, each investment strategy generally seeks to: (i) pursue investments where HPS's investment professionals have conducted meaningful due diligence on the sector, the company and its assets; and (ii) utilize information from HPS investment professionals' relationships with management teams, consultants and industry experts. When deemed appropriate, the investment team will seek to incorporate into the due diligence process: (i) review of historical filings, financial information and other publicly-available information; (ii) assessment of financial projections, as appropriate; (iii) business and industry diligence including, where appropriate, meetings with senior management team, often in conjunction with retained third party experts; (iv) site/plant visits (where relevant and appropriate), in certain cases in conjunction with retained industry-specific independent engineers; (v) accounting and quality of earnings review, often through retention of external accountants; (vi) "channel checks" on the company, industry and management team, utilizing the investment professionals' relationships as well as the institutional relationships within HPS; (vii) background checks on senior management and members of the board of directors using external providers; and/or (viii) detailed legal analysis of the company and the investment documentation.

Investment Strategies

HPS engages, on behalf of Clients, in one or more of the investment strategies summarized below. Further detail regarding the following investment strategies is included in each Client's Governing Documents.

HPS may and currently does allocate some or all of its management responsibilities to affiliated sub-advisers, including one or more of the Relying Advisers, pursuant to sub-advisory agreements.

Asia Credit. This strategy focuses in the Asia-Pacific region and seeks to generate attractive risk-adjusted uncorrelated returns with an emphasis on capital preservation, limited market directionality and a view toward liquidity. This strategy invests primarily in corporate and sovereign bonds and credit default swaps. However, this strategy may also include other instruments, including equities, loans and other derivative and credit products. This strategy may also include hedging and leverage.

Asset Value. This strategy seeks to invest opportunistically over a cycle in a variety of performing and non-performing single assets, portfolios, and platforms. For performing assets and/or loans, the strategy focuses on acquiring like assets and dedicated operating platforms originating and/or servicing such assets and for non-performing loans, the strategy pursues complex, non-commoditized portfolios and utilizes operating platforms. Utilization of operating platforms provides the strategy with the ability to leverage sector and/or asset specific expertise, benefit from economies of scale, and seek multiple paths to exit scenarios. While all Clients pursuing this strategy have in the past invested and currently are invested in both the operating platforms and in leases, loans and other assets originated by such platforms, the strategy is expected to be bifurcated in the near future, with certain Clients focusing on acquisition of operating platforms and certain other Clients focusing on acquisitions of leases, loans and other assets, including those originated and/or serviced by such operating platforms.

CLOs. This strategy consists of structured credit vehicles that invest principally in floating rate secured corporate loans through a leveraged capital structure which seeks to benefit from low cost, long term, stable debt financing. This strategy is subject to certain thresholds, as is typical for CLOs, with respect to collateral quality, asset-type concentration, geographic exposure, ratings, covenant terms and coverage tests.

Core Senior Loans. This strategy seeks to generate current income while preserving capital by investing primarily in newly originated secured debt, focusing on established, stabilized middle market borrowers. The strategy generally expects to pursue a buy and hold strategy, with returns generated primarily from ongoing interest income as well as original issue discount, closing payments, commitment fees, prepayments and related penalties. This strategy is similar to the Specialty Loans strategy described below, save for different asset-level yield targets and specific investment guidelines.

Renewables and Power. The strategy primarily invests in privately negotiated, directly originated secured debt, unsecured debt, mezzanine debt, convertible securities and preferred equity investments, in each case, issued by energy and power companies, and companies focused on renewable and sustainable energy infrastructure and related services. In addition, the strategy may acquire warrants and/or equity in connection with debt investments from such issuers. In select situations, the strategy may invest in common equity, structured equity, equity in portfolios of receivables and in other opportunistic investments not related to debt or debt-like investments. Investments made within this strategy may include investments in renewable energy generation, energy storage solutions, renewable fuels, energy efficiency, recycling solutions and sustainable transport/mobility. In addition, the strategy may invest in issuers and assets that enable the transition to de-carbonization by addressing energy demand and reliability (including natural gas-fired power generation and other natural gas-related infrastructure, and carbon abatement strategies).

Institutional Credit. The strategy seeks to generate attractive risk-adjusted returns with an emphasis on capital preservation. The strategy focuses primarily on performing credit investments across the leveraged loan, high yield bond and securitized credit asset classes, and may also invest in other instruments, including equities, credit default swaps and other derivative products. This strategy may also hedge its portfolio to reduce volatility and protect against systemic risks as well as enter into opportunistic short positions in specific circumstances.

Leveraged Loans. This strategy invests primarily in senior secured term loans. The strategy may also invest in: (i) second lien term loans, (ii) senior secured bonds, which typically (a) are first lien debt, (b) have a first lien on certain pieces of the issuer's assets, (c) have a second lien on all or certain of the issuer's assets, and/or (d) are a combination of the foregoing, (iii) unsecured high yield bonds, which are debt obligations that are often subordinate in right of payment to senior secured term loans, senior secured bonds and second lien term loans but are senior to equity in a leveraged capital structure and (iv) securitized credit and warehouse financings of securitization transactions. The strategy may also invest in other credit and credit-related investments, including, without limitation, credit-related indices, exchange-traded funds,

convertible debt, total return swaps and other derivatives, and warrants or equity related or unrelated to the strategy's debt instruments and engage in short selling. This strategy is similar to the Liquid Loans strategy described below, save for different exposure targets and specific investment guidelines.

Liquid Loans. This strategy provides exposure to a diversified, actively managed portfolio consisting primarily of broadly syndicated senior secured loans. This strategy is expected to invest mainly in senior secured term loans. The strategy may also invest in: (i) second lien term loans, (ii) senior secured bonds, and (iii) unsecured high yield bonds, which are debt obligations that are often subordinate in right of payment to senior secured term loans, senior secured bonds and second lien term loans but are senior to equity in a leveraged capital structure. This strategy is similar to the Leveraged Loans strategy described above, save for different exposure targets and specific investment guidelines.

Opportunistic CLO. This strategy makes investments in CLO tranches generally managed by unaffiliated third party CLO managers in either the primary or secondary market but also has the ability to invest in CLOs managed by HPS or its affiliate. The strategy is focused on providing credit exposure diversification based on the underlying assets of the CLO tranche as well as diversification with respect to manager style due to investments in a variety of CLO managers. This strategy may, at times, focus solely on investing in CLO tranches of a specific rating. The strategy seeks to achieve current income and preservation of capital consistent with investments in rated notes (*i.e.*, unsecured subordinated notes and preference shares and mezzanine notes) of CLOs.

Real Estate. This strategy invests in real estate debt and equity securities, including in debt or debt-like securities related to transitional and stabilized commercial (office, multi-family, retail, industrial, hospitality, specialty-use), and/or for-sale residential real estate assets located in the United States. The strategy seeks to invest in well-established counterparties in order to: (i) finance acquisitions, (ii) refinance existing indebtedness, or (iii) fund value-add and transitional business plans, in connection with projects a majority of which are expected to be sponsored by third party equity partners and/or developers.

Specialty Loans. This strategy primarily invests in newly originated secured debt. Investments made under this strategy are typically floating-rate fixed-income instruments and typically represent the most senior portion of the issuer's capital structure, ahead of any mezzanine, high yield bonds and equity tranches. The term "secured debt" refers to debt that is secured by a security interest in one or more assets of the issuer, without reference to the legal form of the debt contract (loan, bond, note or otherwise). This strategy is similar to the Core Senior Loans strategy described above, save for different asset-level yield targets and specific investment guidelines.

Special Situations. This strategy primarily focuses on special situations in the private and public markets. The strategy's investment objective is to generate long-term returns through capital appreciation and current income with strong downside protection by exploiting market inefficiencies. Investments may take the form of debt and equity and will be focused on special situations in the private and public markets. These opportunities include stressed and distressed private and public debt, performing credit in stressed and distressed capital structures, liquidation stubs, litigation claims and trade claims, asset-backed debt and other special situations.

Strategic Investment Partners. This strategy focuses on high-yielding fixed and floating rate debt and debt-like instruments. The junior capital solutions provided by HPS may include subordinated debt (such as second lien and unsecured debt), preferred equity and convertible securities and may be accompanied by equity-related securities (such as options or warrants) and/or select common equity investments related to the mezzanine investments. In certain situations, the strategy may pursue senior debt instruments and other opportunistic investments, including unitranche securities, structured debt tranches and equity investments unrelated to its mezzanine and other junior capital investments. The majority of investments are expected

to be in instruments issued by companies in North America and Europe, although investment may be made in Latin America, Asia and elsewhere globally.

Risk Factors

The investment strategies employed by HPS on behalf of its Clients involve substantial risks, including the risk of loss of an investor's entire investment. The following is a summary of the material risks associated with the investment strategies employed by HPS. Certain of the risks discussed below apply more specifically to particular investment strategies or investments in different types of securities or other investment types than others that investors should be prepared to bear. The risks involved for each investor will vary depending on the Client's investment strategy and types of investments in its portfolio based on what has been agreed to within its Governing Documents with HPS. Although it is comprehensive, the below list is not intended to be exhaustive and therefore not all possible risks have been described. More detailed information with respect to the following risk factors and the applicability of the following risks factors to each Client managed by HPS is included in each Client's Governing Documents.

Risks Related to an Investment in an HPS Fund or Third Party Fund:

Inability of HPS Funds or Third Party Funds to Meet their Investment Objectives. HPS cannot provide assurances that it will be able to identify, choose, make or realize investments of the type targeted for its Clients, or that any Client will be able to invest fully its committed capital. There is also no guarantee that HPS will be able to source attractive investments for its Clients within a reasonable period of time. There can be no assurance that Clients will be able to generate returns for their investors or that returns will be commensurate with the risks of the investments. Clients may not be able to achieve their investment objectives and investors may lose some or all of their invested capital.

Dependence on the Investment Team. The success of Clients depends in substantial part on the skill and expertise of the Clients' investment team. Although HPS believes the success of its Clients is not dependent upon any particular individual, there can be no assurance that the members of a particular investment team will continue to be affiliated with HPS throughout the life of a Client or will continue to be available to manage said Client. The unavailability of members of a particular investment team to manage a Clients' investment program could have a material adverse effect on said Client. Further, the success of certain Clients related to a strategy that may not have a significant operating history or investing track record depends in substantial part on the skill and expertise of the investment teams and other relevant investment professionals of the Clients, which are not in all instances solely focused on a single investment strategy.

Predecessor HPS Funds' or Third Party Funds' Results Not Indicative of Future Performance. The performance of earlier investment funds or accounts managed by HPS, including predecessor Clients of established investment strategies, is not indicative of the expected performance of any current or future Client, since Clients will make different investments than earlier Clients. Accordingly, the performance of earlier Clients, including predecessor Clients of established investment strategies, should not be construed as a projection of a Clients' future performance. In addition, in certain circumstances, a predecessor Client of established investment strategies may not have completed its investment cycle at a time when it is raising a successor Client so actual returns to the investors of such predecessor Clients of established investment strategies may differ materially from those described in a successor Client's Governing Documents. Any unrealized value in the predecessor Clients' performance presentation is unaudited and estimated by HPS, and such unrealized value may not be indicative of the predecessor Clients' returns over time because, among other reasons, performing investments may tend to realize early. HPS's role in determining the valuation of unrealized investments creates an inherent conflict of interest in presenting the performance of the predecessor Clients. This conflict of interest may become more acute when investments, including

investments of the predecessor Clients, experience delinquency, foreclosure, repossession, bankruptcy, workout or other financial difficulties, thereby making the applicable investments more difficult to value.

Competitive Investment Environment. The business of investing in the types of investments contemplated by Clients is highly competitive and involves a high degree of uncertainty. Market competition for investment opportunities includes private credit funds, hedge funds, private equity funds and other private investors. Given the Clients' target investment type, HPS expects a large number of competitors for investment opportunities. Some of these competitors may have access to greater amounts of capital and to capital that may be committed for longer periods of time or may have different return thresholds than Clients, and thus these competitors may have advantages not shared by Clients. In addition, competitors may have incurred, or may in the future incur, leverage to finance their debt investments at levels or on terms more favorable than those available to Clients. Furthermore, competitors may offer debt terms that are more favorable to borrowers, such as less onerous borrower financial and other covenants, borrower rights to cure defaults, and other terms more favorable to borrowers than current or historical norms. Strong competition for investments could result in fewer investment opportunities for the Clients, as certain of these competitors have established or are establishing investment vehicles that target the same or similar investments that Clients intend to purchase. Over the past several years, many investment funds have been formed with investment objectives similar to those of Clients, and many such existing funds have grown in size and have added larger successor funds to their platform. These and other investors may make competing offers for investment opportunities identified by the relevant general partners or investment managers which may affect Clients' ability to participate in attractive investment opportunities. Moreover, identifying attractive investment opportunities is difficult and involves a high degree of uncertainty. HPS may identify an investment that presents an attractive investment opportunity but may not be able to complete such investment in a manner that meets the objectives of the Clients. As discussed in Item 5 above, Clients may incur significant expenses in connection with the identification of investment opportunities and investigating other potential investments that are ultimately not consummated, including expenses related to due diligence, transportation and legal, accounting and other professional services as well as the fees of other third-party service providers.

Investment Illiquidity; Restrictions on Transfer or Withdrawal. An investment in a Client is suitable only for certain sophisticated investors that have no need for immediate liquidity in respect of their investment and who can accept the risks associated with investing in illiquid investments. Under the terms of the Governing Documents, investors in certain Clients will not have any voluntary withdrawal rights and investors generally will not be permitted to transfer their interests without the prior written consent of the applicable general partner, which may be granted or withheld in such general partner's discretion, and which consent the general partner expects to withhold if it determines that such transfer would result in any risk that the relevant Client would be treated as a "publicly traded partnership" taxable as corporation for U.S. federal income tax purposes or would result in any adverse tax consequences to such Client (or to its investors generally or to one or more of its investors). Furthermore, the transferability of the interests will be subject to certain restrictions contained in the applicable Governing Documents and may be affected by restrictions on resale imposed under applicable securities laws. A public market does not currently exist for the interests and one is not expected to develop. Furthermore, the general partners expect to require limited partners desiring to transfer interests to reimburse the applicable Client for its expenses in connection with such transfer. However, in some instances, expenses related to such transfer are allocated, in whole or in part, to the Client, particularly where a transfer is not completed or the transferor and/or the transferee do not reimburse the Client for the costs of the transfer. In addition, certain legal, regulatory and tax compliance procedures relating to transfers are expected to be treated as an expense of the Client and will not be allocated to the transferring parties. Voluntary withdrawals from closed-ended Clients will not be permitted except in very limited circumstances generally involving situations where retaining an interest would cause a violation of applicable laws or regulations as set forth in the applicable Government Documents.

Indemnification. As applicable, Clients are generally required to indemnify their general partners, their investment managers, members of their investor or limited partner advisory committees and each other person specified in the applicable Governing Documents for liabilities incurred in connection with such Client's activities, except in certain circumstances. Clients will generally also indemnify certain Service Providers (as defined below), including the Client's administrator and auditors, as well as consultants, and sourcing, operating and joint venture partners. Such liabilities may be material and may have an adverse effect on the returns to the investors. The indemnification obligation of the Client would be payable from the assets of the Client, including the unfunded commitments of the investors. If the assets of the Client are insufficient, certain distributions previously made to the investors are subject to recall by the applicable Client in order to satisfy its indemnification obligations. Such distributions may be eligible for recall by the Client even though the distribution had been made in prior years, and such recall is likely to reduce the returns recognized by the investors in the Client. Further, certain Clients are and/or may be structured such that investors in such Clients will fund their commitments through a combination of equity and debt. While these Clients have terms that are designed to ensure that the applicable investors are subject to a recall of distributions in the same manner as investors in other Clients, the ability to recall distributions in this structure may be limited in certain circumstances.

Defaulting Investors. For Clients that are structured as closed-ended funds, the failure of an investor to fund all or any portion of a drawdown (including in respect of fees and/or including, without limitation, indemnification obligations) when due, will cause such investor to be in default. The amount that such investor failed to contribute will generally accrue interest. In addition, the general partner of the applicable Client may exercise other remedies available by law or in equity against a defaulting investor in accordance with the Governing Documents, including, as the case may be, (i) causing the investor to forfeit certain distributions; (ii) excluding the investor from future investments; (iii) reducing all or a portion of the investor's interest in the Client; (iv) causing a forced sale of the investor's interest; (v) permitting one or more investors of such Client to cover such amount that a defaulting investor failed to contribute; (vi) admitting a new investor to the Client; (vii) causing the Client to borrow in respect of such amount that a defaulting investor failed to contribute; and/or (viii) taking any other action as HPS in good faith deems prudent in such situation, including, but not limited to, liquidating the Client if other remedies are determined to not be reasonably practicable based on legal, regulatory, or other considerations. Furthermore, in the event of a shortfall by one or more investors in a Client, such Client's general partner may cause other investors in the Client to increase their capital contributions proportionately in respect of such shortfall. In addition, if investors fail to fund their commitments when due, a Client's ability to complete its investment program or otherwise to continue operations may be substantially impaired. A default by a substantial number of investors or by one or more investors who have made substantial commitments to the Client would likely limit opportunities for investment diversification and reduce returns to the Client.

Shortfalls from Defaulting, Excused, Excluded or Sanctioned Limited Partners. The general partner of most Clients has the right to cover shortfalls arising from the default, excuse, exclusion or sanction (to the extent applicable) of any limited partner of such Client by (i) causing the other limited partners to increase their capital contributions proportionately in respect of such shortfall, (ii) permitting one or more of the other limited partners (including an affiliate or employee of HPS) to cover such shortfall, (iii) admitting a new limited partner (which may be an affiliate or employee of HPS), (iv) causing the Client to borrow in respect of such shortfall, (v) increasing the participation of one or more other Clients, as applicable, in the relevant investment or (vi) taking any other action that such general partner in good faith deems prudent in such situation. If a general partner elects to have the other limited partners cover the shortfall, such limited partners will have an increased share in existing Client investments in proportion to their respective capital commitments, and the risks associated with such Client investments will be magnified for such limited partners due to their increased position. To the extent that a limited partner is sanctioned, the Clients may be restricted from transacting with such limited partner and may be required to

“freeze” the sanctioned limited partner interest. Compliance with these regulations may be costly to the Clients, and, in some cases, the regulations of various jurisdictions may conflict with each other or may not provide clear guidance on how the Client should proceed. It is possible that a regulator may prohibit a Client or a subsidiary of a Client from making any distributions or accepting any capital contributions until the limited partner is no longer sanctioned or the circumstances related to the sanctions have otherwise been resolved, which may have adverse consequences for the Clients and the limited partners.

Dilution from Subsequent Closings. Following the first closing date of a Client, the general partner generally reserves the right to admit additional investors to the Client or to accept increased capital commitments from existing investors (“**Additional Investors**”), at any time on or prior to the final closing date. Additional investors subscribing for interests on closing dates after the first closing date of a Client will generally participate in existing investments of the Client, diluting the interests of existing investors therein. In this regard, Additional Investors are required to contribute amounts that generally consist of the aggregate amount of capital contributions that would have been made by such Additional Investors had they been admitted to such Client on the first closing date, reduced by the aggregate amount of distributions that would have been made to such Additional Investors had they been admitted to the Client on the first closing date. In addition, Additional Investors in certain Clients are required to pay a notional interest charge while additional investors in certain other Clients are not allocated, or do not otherwise participate in, proceeds accrued or distributed prior to the date on which such additional investors invest in such Clients as set forth in the Governing Documents of each respective Client. Furthermore, the general partner may, in its discretion, (a) increase or decrease the amount of the capital contribution of Additional Investors, (b) increase or decrease the Additional Investors’ participation in certain investments or (c) exclude such Additional Investors from participating in certain investments, in each case, in connection with a material change, if any, in the fair market value of any existing investment subsequent to the acquisition of such investment. There can be no assurance that these payments will reflect the fair value of the Clients’ existing investments at the time such additional investors subscribe for interests in the Clients. If the period in which Additional Investors may subscribe for Interests in the Funds is extended, these risks are magnified.

Generally, upon the admission of an additional investor to one of the Clients that invest in parallel, or an increase of the capital commitment of an existing investor, subject to applicable law, the general partners will, to the extent they deem appropriate, reallocate existing investments among the applicable Clients, so as to maintain an appropriate allocation of investments across all applicable Clients after taking into account such new admission or increased capital commitment. This reallocation will involve transferring portions of existing investments among the applicable Clients generally for the cost of the investments and related expenses (including, for the avoidance of doubt, expenses associated with a credit facility, but excluding fees, spreads and commissions) plus, for certain Clients, notional interest. Any amounts received by a Client in connection with any such reallocation will be allocated to the investors of such Clients in accordance with their participation in the applicable investments.

The reallocation of investments among investors within a Client following the admission of an additional investor is expected to occur in connection with the admission of an additional investor. Given the complexity of rebalancing investments among Clients that invest in parallel, including because of investment structuring and credit facility considerations, and the timing associated with clearing and settling securities transactions, it may not be possible to reallocate investments among all of the applicable Clients at each closing. Therefore, the general partners may initially allocate investments to certain Clients based on estimated commitments at final closing or may rebalance periodically or only at final closing. In such case, the relative ownership of investment assets among the Clients during such inter-closing periods may not reflect the ownership ratios that would have existed had each investment been rebalanced among all the applicable Clients at each closing. During the period between the admission of additional investors and the reallocation of existing investments among the applicable Clients, each Client’s allocation of such existing investments is expected to be based on its allocation prior to the admission of such additional investor(s).

Furthermore, as noted above, while the reallocation of existing investments among the applicable Clients may not be implemented for a period of time following the admission of one or more additional investors, the reallocation of investments within a Client is expected to occur in connection with the admission of one or more additional investors. As a result, Additional Investors may disproportionately dilute existing limited partners during the period prior to the reallocation of existing investments among the applicable Clients. Any amounts received by a Client or an investor in connection with the reallocation of investments within a Client or among Clients will be allocated to the investors of such Client in accordance with their participation in the applicable investments. There can be no assurance that these payments will reflect the fair value of the Clients' existing investments at the time such reallocation of investments occurs.

Valuation of Assets. Certain securities and other assets in which Clients may directly or indirectly invest, including investments in senior debt and secured loans, are not expected to have a readily ascertainable market value and, as appropriate, will be valued by HPS in accordance with its established valuation policies. Such securities and other assets constitute a substantial portion of many Clients' investments. When HPS determines that the market price does not fairly represent the value of an investment, HPS, as appropriate, will value such investment at fair value as it reasonably determines. HPS has a conflict of interest in providing such valuations. In particular, where applicable, a predecessor funds' performance information related to unrealized investments is based on HPS's valuation of such investments. Independent appraisals of such investments are typically not obtained. Further, because of the overall size and concentrations in particular markets, the maturities of positions that may be held by Clients from time to time and other factors, the liquidation values of Clients' investments may differ significantly from the interim valuations of these investments derived from the valuation methods described in HPS's established valuation policies. If HPS's valuation should prove to be incorrect, the stated value of the Clients' investments could be adversely affected. HPS may delegate its valuation responsibilities to any other person in its discretion. Absent bad faith or manifest error, valuation determinations by HPS (or its delegate) will be conclusive and binding on Clients. In addition, with respect to many Clients, HPS will not receive a management fee on the portion of the cost basis of an investment that has been subject to permanent write-offs or permanent write-downs and the relevant general partners or special limited partners will not receive performance-based compensation until the investors receive distributions equal to their share of permanent write-offs and permanent write-downs (after taking into consideration the applicable preferred return). This creates an incentive for the relevant general partners or special limited partners and HPS to avoid writing down the value of assets or writing off assets that are not readily marketable or difficult to value in order to receive performance-based compensation earlier and higher management fees or to help with fundraising. "Permanent write-off" or "permanent write-down" is not a defined term under legal or accounting principles, any determination as to whether an investment should be permanently written off or written down is based on HPS's subjective judgment and its view of the varying facts across different investments. HPS expects to consider a variety of factors in making such subjective judgment, including, without limitation, the time period during which the applicable investment was continuously valued below certain thresholds (which thresholds will depend on the type of investment), the total capital realized from the investment to date, whether a particular asset is a portion of the same investment or series of investments, whether the issuer continues to meet certain types of contractual obligations, and whether the coverage analysis based on enterprise value, discounted cash flow or other metrics as conducted by HPS's internal valuation team supports a reasonable likelihood that the management fee basis will be recovered. The factors and thresholds used for the analysis may change over time, and HPS retains the discretion to make different determinations under seemingly similar circumstances that it considers reasonable. In certain cases, a Client may hold an investment in an issuer experiencing distress or going through bankruptcy or other restructuring. In such a situation, HPS may continue to place a favorable valuation on such investment due to HPS's determination that the investment remains well-positioned to recover its value, despite the distressed state or bankruptcy of the issuer. However, no assurances can be given that this assumption is justified or that such valuations will be accurate in the long term. In addition, an investment in a portfolio company may not be permanently written-off or permanently written down despite its distressed state or

covenant breach until such portfolio company experiences a material corporate event (e.g., bankruptcy or partial sale) which establishes an objective basis for such revised valuation.

HPS is engaged in advisory and management services for multiple Clients. In connection with these activities, HPS is required to value assets, including in connection with managing or advising Clients. In this regard, certain business units within HPS may share information regarding valuation techniques and models or other information relevant to the valuation of a specific asset or category of assets, although HPS is under no obligation to engage in such information sharing. HPS will value Clients' investments according to its established valuation policies as disclosed in the relevant Governing Documents and may value an identical asset differently than other units within HPS (e.g., when different Clients own such assets with historically different expectations on valuation policies (such as valuing a syndicated loan at "bid" as opposed to "mid" prices) or when an asset does not have a readily ascertainable market price).

It is expected that some Clients will have limited ability to obtain accurate market quotations for purposes of valuing most of their investments, which may require HPS to estimate, in accordance with its established valuation policies, the value of such Client's debt investments on a valuation date. Independent appraisals of such investments are typically not obtained.

In addition, a Client may rely on third-party valuation agents to verify the value of certain investments, including prior to purchasing investments from another Client or transferring such investments to another Client or another investment fund and/or account sponsored or managed by a third party. An investment may not have a readily ascertainable market value and accordingly, could potentially make it difficult to determine a fair value of an investment and may yield an inaccurate valuation. Further, because of HPS's knowledge of the investment, the valuation agent may defer to the HPS's valuation even where such valuation may not be accurate, or the determination thereof involved a conflict of interest. An inaccurate valuation of one or more investments could have a substantial impact on a Client, which can be more pronounced for Clients with concentrated portfolios.

No Right to Control the HPS Funds' or Third Party Funds' Operations. Clients will be managed exclusively by HPS or the applicable general partners. Investors (in their capacity as such) will not make decisions with respect to the management, disposition or other realization of any investment, the day-to-day operations of the Clients, or any other decisions regarding the Clients' business and affairs, except for limited circumstances set forth in the relevant Governing Documents. Specifically, investors will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding investments by the Clients or receive any financial information issued directly by the portfolio companies that is available to HPS or the applicable general partners. Investors should expect to rely solely on the ability of HPS or the applicable general partners with respect to the Clients' operations.

Recourse to the HPS Funds' or Third Party Funds' Assets. The assets of each Client, including HPS Fund investors' available capital commitments and any investments made by and any capital held by such Client, are available to satisfy all liabilities and other obligations of such Client. If any Client becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to such Client's assets generally and may not be limited to any particular asset, such as the investment giving rise to the liability. In this regard, any borrowings of one Client can and often are cross-collateralized with that of one or more of the other Client including by an applicable general partner's right to call for capital contributions or, as described in the Governing Documents, a lender's ability to deliver drawdown notices in connection with a credit facility. In addition, to the extent the borrowings of a Client and one or more other Client are cross-collateralized, such Client (and indirectly, the limited partners of such Client) may be required to satisfy a default caused by the other Clients' obligations (and vice versa).

Furthermore, in certain situations, asset-based leverage may be incurred at the level of a subsidiary entity, where such subsidiary is an aggregator for the multiple Clients and other co-investors. In this way, the asset-

based leverage of certain Clients' investments can also be cross-collateralized with the asset-based leverage of the other Clients and other co-investors that are participating in the investment.

Expedited Investment Decisions; Pools of Assets. Investment analyses and decisions by HPS may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to HPS at the time of making an investment decision may be limited or HPS may not have the time to adhere to its typical due diligence process. Therefore, no assurance can be given that HPS will have knowledge of all circumstances that may adversely affect an investment. In addition, HPS may rely upon independent consultants and other sources in connection with its evaluation of proposed investments, and no assurance can be given as to the accuracy or completeness of the information provided by such independent consultants or other sources or to the Clients' right of recourse against them in the event errors or omissions do occur. In addition, when making investments in a pool of assets, or investments collateralized by a pool of assets (or cashflows therefrom) (e.g., NAV loan investments), HPS does not expect to assess each underlying asset in such pool for compliance with the investment restrictions of the applicable Clients and may instead rely on the investment objectives the pool or other pool level information. Therefore, there is no assurance that individual assets within such pool will not violate the investment guidelines of the applicable Clients.

Trade Errors. Although HPS exercises due care in making and implementing investment decisions, employees of HPS from time to time make errors with respect to trades made on behalf of a Client. Examples of trade errors include: (i) the placement of orders (either purchases or sales) resulting in excess exposure than the exposure HPS intended to create; (ii) the sale of a security when it should have been purchased; (iii) the purchase of a security when it should have been sold; (iv) the purchase or sale of the wrong security; (v) the purchase or sale of a security contrary to explicit regulatory restrictions or portfolio investment guidelines or explicit restrictions; and (vi) incorrect (*i.e.*, over or under) allocations of securities resulting in greater than the exposure HPS intended to create. Errors that do not result in transactions for a portfolio (such as those that result in a loss of an investment opportunity), or that result in lesser exposure than intended to be created, will not be viewed as trade errors. HPS will not be liable to a Client in respect of a portfolio for any trading losses, liabilities, damages, expenses or costs resulting from trade errors by HPS or similar human errors except those losses, liabilities, damages, expenses or costs (i) resulting from HPS's intentional misconduct, bad faith or gross negligence and/or as otherwise set forth in the applicable Client's Governing Documents or (ii) that may not be waived or limited under applicable law. Given the volume of transactions executed by HPS on behalf of a portfolio, Clients should assume that trading errors (and similar errors) will occur and that the Client will be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of HPS. When determining whether a trade error is the result of gross negligence or not, HPS does not determine whether the individual trading error resulted from HPS's gross negligence *per se*; rather, HPS considers if its supervisory procedures were inadequate to prevent such trading errors from recurring with any frequency. HPS will be conflicted when making such decision. HPS has a conflict of interest when determining whether losses resulting from a trading error will be borne by the Client. From time to time, HPS or its affiliates may elect to voluntarily reimburse the Client for losses suffered as a result of certain trade errors. However, notwithstanding the previous sentence, Clients should not carry the expectation that a reimbursement will ever take place, and, in evaluating a Client, no decisions should be made in reliance on HPS making any reimbursements to the Client for losses suffered as a result of such trade errors. Any decision to reimburse is not precedential and should not create the expectation of any reimbursement in the future.

No Registration of the HPS Funds or Third Party Funds or Interests. None of the HPS Funds or Third Party Funds are registered as investment companies under the Company Act, in reliance upon an exemption available to privately offered investment companies and, accordingly, the provisions of the Company Act are not applicable to such HPS Funds and Third Party Funds. In addition, none of the interests in any of the Clients have been and will not be registered under the laws of any jurisdiction (including the Securities

Act), the laws of any state of the United States, or the laws of any non-U.S. jurisdiction, and are being offered in reliance upon an exemption from such laws. None of the interests in any of the Clients have been recommended by any U.S. federal or state, or any non-U.S., securities commission or regulatory authority. Furthermore, no government authority, including the foregoing authorities, has confirmed the accuracy or determined the adequacy of the relevant Client's Governing Documents. Any representation to the contrary is a criminal offense.

Insurance. HPS maintains an omnibus insurance policy which includes coverage in respect of the Clients, a Client's general partner, HPS and their affiliates, as well as other clients of HPS and its affiliates, including certain of their respective indemnified persons (which omnibus insurance policy or policies may provide coverage to HPS and its affiliates for events unrelated to the Clients). The premiums for such shared insurance policies would generally be borne by HPS and the Clients covered by such policies, and such shared insurance policies are expected to have an overall cap on coverage for all the insured parties thereunder. To the extent an insurable event results in claims in excess of such cap, the Clients may not receive as much in insurance proceeds as each Client would have received if separate insurance policies had been purchased for each insured party. Similarly, insurable events may occur sequentially in time while subject to a single overall cap. To the extent insurance proceeds for one such event are applied towards a cap and the Clients experience an insurable loss after such event, each Client's receipts from such insurance policy may also be diminished. Insurance policies covering the Clients, the premiums of which are paid in whole or in part by the Clients, may provide insurance coverage to fund indemnified persons and advisory committee indemnified persons for conduct that would not be covered by indemnification. In some instances, the Clients may need to initiate litigation in order to collect from an insurance provider, which may be lengthy and expensive and may not ultimately result in a financial award for the Clients. In addition, a general partner may cause a Client to purchase and maintain insurance coverage that provides coverage to such Client, the general partner and/or their managers, in which case, the premiums would be borne by such Client.

While HPS expects to allocate insurance expenses in a manner it determines to be fair and equitable, taking into account any factors it deems relevant to the allocation of such expenses, because of the uncertainty of whether claims will arise in the future and the timing and the amount that may be involved in any such claim, the determination of how to allocate such expenses may require HPS to take into consideration facts and circumstances that are subjective in nature. It is unlikely that HPS will be able to accurately allocate the expenses of such insurance policies based on the actual claims related to a particular Client.

Certain Proceedings and Investigations. HPS and its Clients may be subject to claims (or threats of claims), and governmental investigations, examinations, requests for information, audits, inquiries, subpoenas and other regulatory or civil proceedings. The outcome of any investigation, action or proceeding may materially adversely affect the value of its Clients, including by virtue of reputational damage to HPS and may be impossible to anticipate. Any such investigation, action or proceeding may continue without resolution for long periods of time and may consume substantial amounts of HPS's time and attention, and that time and the devotion of these resources to any investigation, action or proceeding may, at times, be disproportionate to the amounts at stake in such investigation, action or proceeding. The unfavorable resolution of such items could result in criminal or civil liability, fines, settlements, charges, penalties or other monetary or non-monetary remedies or sanctions that could negatively impact HPS and its Clients. In addition, such actions and proceedings may involve claims of strict liability or similar risks against the Clients in certain jurisdictions or in connection with certain types of activities. In some cases, the expense of such investigations, actions or proceedings and paying any amounts pursuant to settlements or judgments would be borne by the appropriate Client.

Service Providers Generally. Clients are at times dependent upon certain third-party service providers, such as prime brokers, custodians, banks, sourcing or operating partners, and other service providers

retained on behalf of or providing services to Clients (referred to within this Item 8 as “**Service Providers**”). Errors are inherent in the business and operations of any business, and such errors or misconduct could have a material adverse effect on Clients and the investors’ investments therein. At any given time, certain Clients’ securities and other assets may be maintained with brokerage firms which do not separately segregate such assets as would be required in the case of registered investment companies. Under the provisions of the U.S. Securities Investor Protection Act of 1970, as amended, the bankruptcy or failure of any such brokerage firm is likely to have a greater adverse impact on Clients than would be the case if custody of such securities and other assets was maintained in accordance with the requirements applicable to registered investment companies. There is also the risk that a custodian could convert to its own use, assets committed to it by Clients. In addition, service providers generally provide services to other investment firms and investment vehicles with similar investment programs and strategies and, accordingly, have conflicts of interest in providing services to Clients.

Employee and Service Provider Misconduct. HPS’s reputation is critical to maintaining and developing relationships with existing and prospective investors, as well as with the numerous third parties, including Service Providers, with which HPS and the Clients do business. In recent years, there have been a number of highly publicized cases involving fraud, conflicts of interest, or other misconduct by individuals in the financial services industry, and there is a risk that an employee of, or contractor to, HPS, or its affiliates or its Service Providers could engage in misconduct that adversely affects the investment strategies implemented by HPS. It is not always possible to deter such misconduct, and the precautions HPS takes to detect and prevent such misconduct will not be effective in all cases. Misconduct by an employee of, or contractor to, HPS or one of its affiliates or one of its Service Providers, or even unsubstantiated allegations of such misconduct, could result in direct financial harm both to HPS and its Clients as well as harm HPS’s reputation, which would have a materially adverse effect on its Clients. Similar risks arise from employee misconduct of a service provider to HPS or its Clients.

Exceeding Investment Limitations. A Client’s investments may be concentrated in a limited number of investments and types of securities. Further, Clients may exceed certain investment limitations including (i) during marketing periods, if HPS or its affiliates expects that the aggregate capital commitments of the Client will increase so that any applicable investment limited will no longer be exceeded as of the Client’s final close, (ii) during its commitment period, if HPS uses commercially reasonable efforts so that, within a limited period after the acquisition of the applicable investment, the excess portion of such investment is disposed so that the applicable investment limitation is no longer exceeded, or (iii) with the applicable consent of investors or its limited partner advisory committee, as applicable. Even with HPS’ commercially reasonable efforts, a Client may not be able to dispose of the excess investments (or portions thereof) in accordance with expectations. In particular, with respect to investments acquired during the marketing period, if the aggregate capital commitments do not increase in accordance with HPS’ expectations, the Client may hold investments in excess of the investment limitations and will not be deemed to have breached any of the investment limitations with respect to any investment made prior to the end of the marketing period. In addition, in order to comply with the investment limitations, the Client may be required to sell excess investments (or portions thereof) on unfavorable terms or may seek approval from the limited partner advisory committee to waive such limits.

Further, a Client may make (or commit to make) an investment with a view to selling or refinancing a portion of such investment to co-investors or other persons (including other Clients) after the closing of (or committing to) such investment. Any such investment may include assets that HPS or its affiliates may not have caused the Client to acquire on a stand-alone basis (including because the size, risk/return profile or other characteristics of such assets may not be desirable or appropriate for the Client), and HPS or its affiliates may seek to reduce the Client’s exposure to such assets through disposition, refinancing, co-investment, or another transaction. In these situations, the Client’s strategy may depend, in part, upon its ability to sell, refinance or otherwise reduce its exposure to such investments after initially agreeing to make

the investment. In such event, the Client 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 Client may have greater exposure to certain investments, regions and sectors than intended or desired, including to assets that HPS or its affiliates would not have otherwise acquired for the Client or to an investment that exceeds the amount that is intended to be invested in a single investment. As a result, such Client may realize lower than expected returns from such investment. If such Client is unable to complete the acquisition of an investment that was intended to be acquired with a view to selling or refinancing a portion of such investment, the Client may bear the entire portion of any reverse break-up fee or other fees, costs and expenses related to such investment. If such investment does not close, the Client would also bear all the “broken-deal” expenses related to such investment.

Rights against Third Parties, including Third Party Service Providers. Clients are reliant on the performance of third party service providers, including HPS, an administrator, auditors, and legal advisors. Further information in relation to the duties and roles of certain of these Service Providers is provided in the relevant Governing Documents. In most instances, each investor’s contractual relationship in respect of its investment in a Client is with the applicable Client only and investors of the applicable Client are not in contractual privity with the Service Providers of that HPS Client. Therefore, generally, no investor will have any contractual claim against any Service Provider with respect to such Service Provider’s default or breach. Accordingly, investors must generally rely upon HPS or the relevant general partner to enforce the Clients’ rights against the Service Providers. In certain circumstances, which are generally not expected to prevail, investors may have limited rights to enforce the Clients’ rights on a derivative basis or may have rights against Service Providers if they can establish that such Service Providers owe duties to the investors. In addition, as discussed above, investors will have no right to participate in the day-to-day operation of the Clients and decisions regarding the selection of Service Providers. Rather, HPS or the relevant general partner will select Clients’ Service Providers and determine the retention and compensation of such providers without the review by or consent of the investors. The investors must therefore rely on the ability of HPS and the relevant general partner to select and compensate Service Providers and to make investments and manage and dispose of investments.

Operational Risk. Clients are subject to operational risk, including the possibility that errors may be made by HPS or its affiliates and Service Providers in certain transactions, calculations or valuations on behalf of, or otherwise relating to, the Clients. Investors may not be notified of the occurrence of an error or the resolution of any error. Generally, HPS and its affiliates and Service Providers will not be held accountable for such errors, and the Clients may bear losses resulting from such errors.

Counterparty Risk. Clients will be subject to various counterparty risks. For example, the Clients may effect a portion of their transactions in ‘over-the-counter’ or ‘interdealer’ markets or through private transactions. The participants in such markets and the counterparties in such private transactions are typically not subject to credit evaluation and regulatory oversight as are members of ‘exchange based’ markets. This exposes the Clients to the risk that a counterparty will not settle a transaction because of a credit or liquidity problem, thus causing the Clients to suffer losses. Such ‘counterparty risk’ is accentuated for contracts with longer maturities where events may intervene to prevent settlement or where the Clients have concentrated their transactions with a single or small group of counterparties. Furthermore, upon the bankruptcy, insolvency or liquidation of any counterparty, the Clients may be deemed to be a general unsecured creditor of such counterparty and could suffer a total loss with respect to any positions and/or transactions with such counterparty. In the current market conditions, counterparty risk is increased and more difficult to predict. In addition to heightened risk of bankruptcy, there is a risk that counterparties may have their assets frozen or seized as a result of government intervention or regulation. The Clients are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty.

Liquidity Risk. Liquidity risk arises in a Client's trading activities. It includes the risk of a Client's failure to fund trading activities at settlement dates, or liquidate or trade securities positions in a timely manner at a reasonable price. A Client may invest in securities, including swaps and other derivatives, that are subject to legal or other restrictions on transfer, that are thinly-traded or for which no liquid market exists or that otherwise become illiquid or difficult to trade. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable, and a Client may not be able to trade them when it desires to do so or to realize what it perceives to be their fair value. Trading restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts, considerably worse pricing and other expenses than does trading eligible securities on national securities exchanges or in the over-the-counter markets or that are otherwise more liquid. A Client may not readily be able to exit such illiquid positions and, in some cases, may be contractually prohibited from exiting such positions for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Furthermore, valuing such financial instruments may be difficult and lead to uncertain marks. It also should be noted that, even those markets which HPS expects to be liquid can experience periods, possibly extended periods, of illiquidity.

Action of an Agent. Investments made by certain of the Clients will frequently be negotiated and structured by a syndicate of lenders (the "**Lenders**") consisting of commercial banks, investment banks, thrift institutions, insurance companies, finance companies or other financial institutions or industry participants, one or more of which (the "**Agent**") will administer such investments on behalf of all of the Lenders. Clients generally will rely on the Agent to collect its portion of the payments on such an investment. Furthermore, Clients will rely on the Agent to use appropriate creditor remedies against the borrower. Typically, the Agent is given broad discretion in enforcing the credit agreement and is obligated to use only the same care it would use in the management of its own property. In the event that an Agent becomes insolvent, or has a receiver, conservator or similar official appointed for it by the appropriate bank regulatory authority or becomes a debtor in a bankruptcy proceeding, assets held by the Agent under a loan agreement should remain available to Lenders. If, however, assets held by the Agent for the benefit of the Lenders were determined by an appropriate regulatory authority or court to be subject to the claims of the Agent's general or secured creditors, Clients might incur certain costs and delays in realizing payment on a loan held by an issuer or borrower or suffer a loss of principal or interest.

Risks Associated with Sourcing, Operating or Joint Venture Partners and HPS Employees Seconded to Portfolio Companies. HPS has historically, and expects in the future to, work with sourcing, operating and/or joint venture partners, including with respect to particular types of investments or particular sectors or regions. These arrangements may be (and are in certain Clients' cases) structured as joint ventures or contractual service provider relationships. Sourcing partners and operating partners are independent contractors engaged for particular purposes in connection with the Clients and/or certain of their projects and are not part of the Affiliated Group (as defined in Item 11 below). Where such a partner is engaged, HPS does not have the opportunity to diligence the individual investments and, instead, relies on its contractual relationship with, and ongoing diligence of, the sourcing or joint venture partner whose interests can differ from those of the Clients. In certain circumstances, HPS commits to invest in a pre-agreed amount of investments negotiated by the sourcing partner and/or joint venture partner subject to pre-agreed criteria and guidelines. HPS may and has committed to invest in one or more transactions for which the sourcing partner and/or joint venture partner led the due diligence and negotiation processes and HPS is given only a limited opportunity to perform due diligence and participate in negotiation of transaction terms. HPS pursues these arrangements where it determines that they provide certain benefits, such as an attractive sourcing channel to access particular markets or asset classes where the Clients can potentially benefit from a third-party's specialized expertise. Investors should be aware that sourcing, operating and joint venture partners are not expected to owe any fiduciary duties to the Clients. In some cases, employees of operating partners and/or Platforms (defined below) can become employees of a portfolio company or vice versa. In

addition, certain of the employees of an operating partner or Platform may formerly have been, and in certain cases have been employees of HPS or its affiliates.

In connection with arrangements with sourcing, operating and/or joint venture partners, Clients may make and in some cases have made, a commitment to a blind pool fund managed by a third party or an operating company organized to build a platform to make investments in a particular sector. Certain of the arrangements are long-dated and involve multiple Clients that invest and divest at different times. The mechanics for acquiring and realizing an interest in these arrangements vary over time and include buying in for cost plus interest, buying in at net asset value as determined by HPS, or refinancing out another Client's existing investment. In certain cases, a Client will buy an interest from another Client and in other cases a Client will dilute the interest of another Client. Over time, the composition (and ownership interest) of Clients that fund the commitment may change, resulting in rebalancing of ownership of the investment and the crystallization of gains or losses for certain Clients before the underlying investment has been realized. The mechanism by which such investments are acquired, realized and reallocated, as well as allocation of expenses relating to such investment is inherently subjective and can disadvantage some Clients.

Clients generally pay retainers, closing, monitoring, performance, or other fees to, and/or reimburse expenses incurred by, sourcing, operating and joint venture partners or in certain cases are required to share with such parties fees (such as commitment fees) from transactions that would have otherwise been paid to Clients. Such retainer fees are, in some but not all cases, netted against a closing fee, if applicable, in connection with the related investment. However, if no such investment is consummated, the Client will bear any retainer amounts as an expense. In this regard, a sourcing, operating or joint venture partner can receive compensation at the expense of the Client, even though the Client has not realized any benefits from the engagement of the sourcing, operating or joint venture partner. In addition, to the extent the compensation of a sourcing, operating or joint venture partner is based on the performance of the relevant investments, the sourcing, operating or joint venture partner has an incentive to seek riskier investments than it would have under a different compensation structure. The expenses of sourcing, operating and joint venture partners may be substantial and will be in addition to the relevant management fee and Client expenses. In certain circumstances, the Client or a portfolio company in which the Client invests may pay and has paid in the past fees to sourcing, operating and/or joint venture partners in consideration for services, including where HPS would have otherwise provided those services without charge. In other circumstances, sourcing, operating and/or joint venture partners can receive certain third party fees (such as upfront fees, commitment fees, origination fees, amendment fees, ticking fees and break-up fees as well as prepayment premiums) in respect of an investment. While such fees would generally be for the benefit of the Client if received by HPS, any such fees paid to a sourcing, operating and/or joint venture partner will not be shared with the Client. Sourcing, operating and/or joint venture partners invest in certain Clients and HPS reduces or waives the management fee or performance-based compensation for such investors, and includes such investors' commitments as part of the HPS commitment to the Clients. In addition, from time to time, HPS has seconded, and may second, one or more employees to a Client's portfolio company for a period of time, especially where the HPS employees spend a majority of their business time in the portfolio company's offices assisting with its management and operation, and such portfolio company is jointly owned by the Client and third parties. In such cases, the portfolio company of the Client (and therefore the Client indirectly, in the proportion of the Client's ownership of or investment in the portfolio company) is expected to bear all or a portion of such employees' compensation expenses during the secondment period, as determined by HPS in conjunction with the portfolio company, generally based on the estimated amount of time the employees will spend on the portfolio company matters relative to other HPS matters. Such compensation expenses would have been borne by HPS and not indirectly by the Client but for the secondment arrangement.

Joint ventures give rise to additional risks, including tax risks, and structures utilized in joint venture contexts, including for legal, tax and regulatory reasons, may adversely affect the Client's pre-tax returns. In certain circumstances, HPS may co-manage a Client together with a joint venture partner. Such joint venture would continue until the end of the term of such Clients, but could be terminated earlier with the mutual consent of HPS and its joint venture partner or under certain other circumstances. If the joint venture is terminated early, the Client may not (i) fully invest its aggregate capital commitments and/or (ii) achieve its investment objectives. Any disagreements between HPS and its joint venture partner could adversely impact the management of investments held by the Client. In addition, the removal of either HPS or its joint venture partner for cause could terminate the commitment period of the Client and the adversely impact the ability of the remaining manager to manage the existing investments.

In certain circumstances certain sourcing and operating partners are aware of and consulted in advance in relation to certain investments made by the Clients. While sourcing and operating partners will be subject to confidentiality obligations, they are not restricted from engaging in any activities or businesses that may be similar to the business of the Clients or competitive with the Clients. In particular, sourcing and operating partners may use information available to them as sourcing and operating partners of HPS in a manner that conflicts with the interests of the Clients. Except in limited circumstances, the sourcing and operating partners are generally not obligated to account to HPS for any profits or income earned or derived from their activities or businesses or inform HPS of any business opportunity that may be appropriate for the Clients.

Payments to Platforms. Certain Clients utilize asset servicing and origination platforms ("**Platforms**") to originate and/or service leases, loans and other assets in which such Clients invest and pay origination and servicing fees to the Platforms for such services. Subject to certain priority rights set forth in the applicable Governing Documents, such Clients invest in leases, loans and other assets that are originated by and/or serviced by Platforms owned by such Clients and/or by Platforms owned by other Clients (together, "**Client Platforms**") and pay associated fees to such Client Platforms and therefore, indirectly, to such Clients. In particular, certain Clients are expected to acquire Platforms (including existing Client Platforms) but are not expected to invest in leases, loans and/or other assets originated by such Platforms while other Clients are not expected to acquire Platforms but are expected to invest in leases, loans and/or other assets originated and/or serviced by such Platforms (including Client Platforms) and to pay origination and/or servicing fees to such Platforms. In addition, if such Clients acquire a new portfolio of leases, loans and/or other assets without a Platform, such Clients are expected to utilize the services of one or more Platforms (including Client Platforms) to service such leases, loans and other assets and to pay fees to such Platforms. Origination and/or servicing fees paid by Clients to Client Platforms (and therefore, indirectly, to the Clients that own such Client Platforms) will be determined in accordance with a methodology described in the relevant Governing Documents of the Clients, which methodologies are expected to differ. There is no guarantee that such fees will reflect the market value of the services performed or that higher or lower fees could not be charged to a third party or even under a fee arrangements with a different Client. HPS may be incentivized to keep the origination and servicing fees payable by certain Clients low as such Clients near the end of their applicable terms in order to generate more performance-based compensation (such as carried interest) for HPS from those Clients. Certain methodologies used to determine origination and/or servicing fees are expected to be based on certain assumptions, including those associated with the expected performance of underlying leases, loans or other assets over time. Some or all of these assumptions involve subjective judgment. While origination and/or servicing fees determined pursuant to such methodologies are expected to be subject to periodic review by a third party and periodic reporting to, and consultation with, the limited partner advisory committees (or equivalent) of the relevant Clients, HPS may have a conflict of interest in setting these assumptions. For example, HPS will have an incentive to set such fees in a way that may result in a higher origination fees payable to the Client Platforms (and therefore, indirectly, the Clients that own such Platforms), in which case the returns of the Client paying such fees would be negatively affected, and vice versa. Overall, to the extent HPS has discretion in determining the

fees payable by one Client to another Client, HPS will have a conflict of interest with respect to such decision and such conflict may incentivize HPS to favor one Client over another Client. In that regard, where a Platform owned by a Client provides services to another Client, it is possible that higher fees could have been charged by such Platform to third parties for such services, but the Platform may nevertheless provide such services to such other Client based on the relationship with HPS. The Clients may also enter into a longer-term service contract than a third party would, based on HPS's determination that securing longer-term origination flow may be desirable for such Clients or for other reasons (including to support the growth of particular Platforms or the overall strategy or to generate consistent income to Client Platforms).

Management and Use of Platforms. Clients owning or utilizing Platforms will depend upon the diligence, skill and business relationships of such Platforms. HPS and Clients owning Platforms are expected to have significant control over the Client Platforms. In that regard, HPS expects to oversee the overall investment activity and performance of Client Platforms, provide instructions and guidance to the management team of the Client Platforms (including with respect to investments) and be represented on the board of directors of each Client Platform. However, the management team of a Client Platform, consisting of individuals not affiliated with HPS, will be primarily responsible for the operations of such Client Platform on a day-to-day basis. Although it is intended that Client Platforms have strong management teams and HPS will in many cases have authority to appoint and remove certain key personnel of Client Platforms, there can be no assurance that the existing management team of any Client Platform, or any new management team, will be able to operate the Client Platform successfully. In addition, Clients owning or utilizing Platforms are subject to the risk that a Client Platform makes business decisions with which HPS disagrees and the management of such Client Platform takes risks or otherwise act in ways that do not serve the interests of the Client. Some Platforms may have little or no operating history based on which future performance (such as origination volume or quality) can be assessed. It is possible that key employees of a Platform have little history of working together, and in any case, depart at any time. The departure of a significant number of the employees of a Platform could therefore have a materially adverse effect on the applicable Clients' ability to achieve their investment objective. Such risk is magnified where a Platform employee is shared across multiple Platforms. In particular, Client Platforms are expected to be integrated into and operate as one consolidated business and certain Client Platforms share key employees. This integration is expected to continue for all Client Platforms. Therefore, the management of all Client Platforms will be concentrated and consolidated in a small group of individuals and the departure or under-performance of one or more of such individuals can adversely impact all Client Platforms and, therefore, have a significant impact on the performance of the Clients owning or utilizing the Client Platforms. Employment practices in certain jurisdictions can also subject one or more Platform investments to additional requirements and obligations, including related to pension and severance liabilities, which could have additional adverse effects. Clients utilizing Client Platforms are expected to be restricted from terminating their relationship with a Platform, or incur significant expenses in doing so (or in finding a replacement Platform). In addition, the historical performance of a Platform is not indicative of its future performance, and may vary as a result of an adverse development in such Platform's business, an economic downturn or legal, tax or regulatory changes. Client Platforms may operate at a loss and require substantial additional capital to support their operations or to maintain their competitive position or otherwise have a weak financial condition or experience financial distress. Further, it is possible that certain Client Platforms will not be successful in originating the number of leases, loans and other assets expected, and there is no guarantee that the leases, loans and other assets that are originated will be the type and quality desired. In addition, Platforms depend heavily on networks, systems (including information technology systems), computers, programs and data to originate and service the leases, loans and other assets and to track them to such Clients, their predecessor funds, successor funds or other Clients to allocate profits, losses and expenses. Therefore, Platforms are subject to the risks described below in "Cybersecurity". Platforms are not expected to provide services to the Clients on an exclusive basis. However, certain Clients have priority over all newly originated assets by such Platforms during a certain time period as described in the relevant Governing Documents of such Clients. HPS or

affiliated entities are expected to make an investment in a Platform directly, or indirectly by investing in another Client or jointly with third parties, and cause certain other Clients to use, and pay fees or other compensation to, such Platform in their investment activities. In that case, HPS is expected to determine that any fees or other compensation earned by the Platform (and therefore indirectly by HPS and/or its principals and affiliates) will not reduce HPS's advisory fees or other compensation charged to such other Clients, as set forth in the Governing Documents of such Clients or as consulted with the Clients or their limited partner advisory committees (or its equivalent).

Acquisition and Disposition of Interests in Platforms. Certain Clients are currently expected to sell their ownership interest in certain Platforms to another Client. Any sale and acquisition of a Platform between Clients are expected to be subject to third-party verification of the price and consent of the relevant Client(s) and/or limited partner advisory committee (or its equivalent) of such Client. Notwithstanding the foregoing, one or more Platforms may be acquired or disposed of in other ways from time to time, including by purchase from, or sale to, a third party. There is no guarantee that any Platform sale will be successfully executed (including sale of a Platform that would be beneficial for the buying Client to acquire) or that a Platform will ultimately be sold at any profit to the selling Clients, and the selling Clients may be forced to find other realization opportunities for one or more of their Platform investments. As a result, it may be necessary for a Client to hold ownership interests in Platforms for longer than desired or to sell Platforms on less favorable terms than expected. Following any sale of a Platform owned by a Client to another Client or a third party, there can be no guarantee that the services of such Platform will continue to be available to the Clients on the same terms or at all. Further, although the acquisition of a Platform by a Client from another Client may result in a gain (in some cases significant) to such other Client, there is no guarantee that a Client will thereafter be able to dispose of such Platform for a gain on a subsequent sale. In that regard, certain Clients may have acquired a Client Platform when it was a smaller or new business and, as a result, may realize more significant gains than other Clients ultimately realize in connection with such Platform. Finally, in all cases, there is no guarantee that the price determined pursuant to a third-party valuation for the purchase or sale of a Platform reflects the best price that would have been available if the transaction had been undertaken in a competitive auction process or with a third party. Additionally, it may be harder for Clients owning Platforms to dispose of a Client Platform individually in the future because Client Platforms are expected to be integrated with other Client Platforms into one consolidated business, which may adversely affect the number of buyers for a Client Platform and the price buyers are willing to pay.

Incentive Compensation of Platforms and Operating Partners. Platforms and operating partners are expected to receive compensation based on, among other things, the performance (or assumptions regarding expected performance) of the assets that they originate or the investments that they identify. Therefore, it is possible that certain Platforms or operating partners may receive incentive compensation at the expense of the applicable Clients, even though said Clients, as a whole, do not have net capital appreciation, including because the actual performance of the applicable investments differs from the projected performance or due to the underperformance of other assets of such Clients. Such compensation arrangements create an incentive to make investments or investment decisions that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, because performance-based compensation may be calculated on a basis which includes unrealized appreciation of Clients' assets, such performance-based compensation may be greater than if such compensation were based solely on realized gains. In addition, the existence of other fees paid to Platforms or operating partners, such as servicing fees based on the outstanding principal balance of leases, loans and other assets serviced, result in the applicable Clients paying fees twice, once to HPS in the form of management fees and once to the Platforms or operating partner to service or manage the same assets.

Interpretation of Agreements. Many assets in which a Client can invest are governed by complex documents. The parties to those documents may disagree as to the proper interpretation of the terms of a

contract when enforcement is sought. The interests of the holders of the same or different tranches of securities of a particular issuer, or creditors of such an issuer, may not be aligned, and ambiguities or mistakes in the applicable documentation may increase the risk of disputes. If documentation disputes occur, the cost and unpredictability of the legal proceedings required to enforce its contractual rights may lead HPS to decide on behalf of a Client not to pursue claims against a counterparty or issuer. If HPS decides to pursue claims on behalf of a Client against a counterparty or issuer, it may not be successful. The Client thus assumes the risk that it may be unable to obtain payments owed to it or that those payments may be delayed or made only after it has incurred the costs of litigation.

Protection of Confidentiality by Investors. Except with respect to certain tax-related matters, investors will be required to keep confidential information relating to the applicable Clients (including information relating to the investors and investments and communications from HPS or the relevant general partner) and/or their investment results and expectations thereof. To protect the sensitive nature of this information, HPS and its affiliates may generally make certain confidential information unavailable to certain or all investors, in some cases based on the status of those investors.

Investor Due Diligence Information. HPS and the applicable general partners will make available, prior to the closing of any applicable Client, to each prospective investor the opportunity to ask questions of, and receive responses from, a representative of HPS and the relevant general partners concerning the terms and conditions of an investment in the applicable Client and to obtain any additional information, if HPS or the relevant general partners possess such information or can acquire it without unreasonable effort or expense. Due to the fact that different potential investors may ask different questions and request different information, HPS or the relevant general partners may provide certain information to one or more prospective investors that they do not provide to all of the prospective investors. None of the responses or additional information provided is or will be integrated into the applicable Governing Documents.

Technology Systems. Clients depend on HPS to develop and implement appropriate systems for its activities. Clients may rely on computer programs to evaluate certain securities and other investments, to monitor their portfolios, to trade, clear and settle securities transactions and to generate asset, risk management and other reports that are utilized in the oversight of the Client's activities. In addition, certain Client's and HPS's operations interface with or depend on systems operated by third parties, including loan servicers, custodians and administrators, and HPS may not always be in a position to verify the risks or reliability of such third-party systems. For example, the Client, the general partners and HPS generally expect to provide statements, reports, notices, updates, requests and any other communications required under the partnership agreement or under any side letter in electronic form, such as e-mail or posting on a web-based reporting site or other internet service, in lieu of or in addition to sending such communications as hard copies via fax or mail. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by 'hacking' or other security breaches, computer 'worms,' viruses and power failures. Such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades and cause inaccurate reports, which may affect a Client's ability to monitor its investment portfolio and its risks. Any such defect or failure could cause Clients to suffer financial loss, disruption of its business, liability to investors or third parties, regulatory intervention or reputational damage.

Electronic Signatures. Due, in part, to the COVID-19 pandemic and the subsequent restrictions and teleworking recommendations, it is more common for documents to be signed electronically. Although electronic signatures may be a valid means of signing contracts under certain jurisdictions, the validity of the electronic signature (and therefore the validity or enforceability of the contract or its formation) may depend on the jurisdiction and the type of electronic signature used. Additionally, investors in certain jurisdiction may be required to execute their subscription agreement and side letter exclusively in wet ink, and execution by other means might not be acceptable.

Cybersecurity. HPS, its Clients, the general partners, and their service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. For example, information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Such damage or interruptions to information technology systems may cause losses to an investor by interfering with the processing of investor transactions, affecting the Client's ability to calculate net asset value or impeding or sabotaging the investment process. The Client may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose the Client, HPS and the general partners to civil liability as well as regulatory inquiry and/or action (and HPS and the general partners may be indemnified by the Client in connection with any such liability, inquiry or action). In addition, any such breach could cause substantial withdrawals from the Client. Investors could also be exposed to losses resulting from unauthorized use of their personal information. Moreover, the increased use of mobile and cloud technologies due to the proliferation of remote work resulting from the COVID-19 pandemic could heighten these and other operational risks as certain aspects of the security of such technologies may be complex and unpredictable. Reliance on mobile or cloud technology or any failure by mobile technology and cloud service providers to adequately safeguard their systems and prevent cyber-attacks could disrupt HPS's and/or the Client's operations, the operations of a portfolio company or the operations of HPS's, the Client's or such portfolio company's service providers and result in misappropriation, corruption or loss of personal, confidential or proprietary information or the inability to conduct ordinary business operations. In addition, there is a risk that encryption and other protective measures may be circumvented, particularly to the extent that new computing technologies increase the speed and computing power available. Extended periods of remote working, whether by HPS, the Client, their portfolio companies, or their service providers, could strain technology resources, introduce operational risks and otherwise heighten the risks described above. Remote working environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts. Accordingly, the risks described above are heightened under the current conditions. While the general partners and HPS have implemented various measures to manage risks associated with cybersecurity breaches, including establishing a business continuity plan and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks (including any ongoing breaches) have not been identified. Similar types of cybersecurity risks also are present for portfolio companies in which the Client invests, which could affect their business and financial performance, resulting in material adverse consequences for such issuers, and causing the Client's investments in such portfolio companies to lose value. In addition, cybersecurity has become a top priority for global lawmakers and regulators around the world, and some jurisdictions have proposed or enacted laws requiring companies to notify regulators and individuals of data security breaches involving certain types of personal data. Compliance with such laws and regulations may result in cost increases due to system changes and the development of new administrative processes. If the Client or HPS or certain of their affiliates fail to comply with the relevant and increasing laws and regulations, the Client could suffer financial losses, a disruption of our businesses, liability to investors, regulatory intervention or reputational damage.

Force Majeure. The instruments in which the Funds invest may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation,

acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism and labor strikes). Some force majeure events may adversely affect the ability of a portfolio company to perform its obligations until it is able to remedy the force majeure event. In addition, the cost to a portfolio company of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Funds may invest specifically.

Infectious Diseases; Pandemics. Certain illnesses spread rapidly and have the potential to significantly adversely affect the global economy. Outbreaks such as the severe acute respiratory syndrome, avian influenza, H1N1/09, and, most recently, the coronavirus (COVID-19) and its subsequent variants, or other similarly infectious diseases may have material adverse impacts on the Clients, the general partners, HPS and their respective affiliates and investments. Actual pandemics, or fear of pandemics, can trigger market disruptions or economic turn downs with the consequences described above. Neither HPS nor the general partners can predict (i) the likelihood of disease outbreaks occurring in the future, (ii) how such outbreaks may affect the Clients' operations, (iii) the impact of a disease outbreak on the Clients' investments, or (iv) when and how any outbreak will be resolved.

A continuation of the current COVID-19 pandemic (including because of the emergence of a variant that is vaccine resistant) and/or any outbreak of other disease epidemics may result in the continued closure of HPS' and/or a portfolio company's offices or other businesses, including office buildings, retail stores and other commercial venues and could also result in (a) the lack of availability or price volatility of raw materials or component parts necessary to a portfolio company's business, which may adversely affect the ability of a portfolio company to perform its obligations, (b) disruption of regional or global trade markets and/or the availability of capital, (c) reduced availability of leverage, including an inability to obtain indebtedness at all or to the Clients' desired degree, and less favorable timing of repayment and other terms with respect to such leverage, (d) trade or travel restrictions which impact a portfolio company's business and/or (e) a general economic decline, all of which may have an adverse impact on the Clients' value, its investments, or the Clients' ability to make new investments or realize existing investments.

Because the COVID-19 pandemic is an unprecedented event in modern history, the duration and magnitude of its impacts are just beginning to be understood. While HPS believes that it has and will continue to pursue its investment strategy effectively during this pandemic, there is no assurance that the Clients' investment objectives will be achieved. Further, if a future pandemic occurs (including a recurrence of COVID-19) during a period when the Clients expect to be harvesting their investments, the Clients may not achieve their investment objectives or may not be able to realize their investments within the Clients' term. Investors should be aware that developments regarding COVID-19 and the economic impact thereof (both long-term and short-term) are changing rapidly and neither HPS nor the general partners can predict the potential long-term effects of the pandemic on the Clients and their investments.

Climate Change. Climate change and related regulations could result in significantly increased operating and capital costs that could materially harm certain portfolio companies of the Clients. Physical impacts of climate change may include: increased storm intensity and severity of weather (e.g., floods or hurricanes); wildfires; sea level rise; and extreme temperatures. For example, many climate models indicate that global warming is likely to result in rising sea levels and increased frequency and severity of weather events, which may lead to higher insurance costs, or a decrease in available coverage, for portfolio companies in areas subject to severe weather. These climate-related changes could damage portfolio companies' physical infrastructure, especially operations located in low-lying areas near coasts and river banks, and facilities situated in hurricane-prone and rain-susceptible regions. Moreover, if the evidence supporting climate change continues to grow, various governmental regulatory agencies may enact more restrictive environmental regulations. Various laws and regulations exist or are under development that seek to

regulate the emission of “greenhouse” gases, which could materially impact the revenues and expenses of the relevant portfolio companies.

Sustainability Risks. The impacts of sustainability risks may be numerous and may vary depending on the specific risk and asset class. Sustainability risks often include factors related to environmental, social and governance risks. Environmental risks are associated with environmental events or conditions and their effect on the value of assets to which the Clients may have exposure. Social risks may be internal or external to a business and are associated with employees, local communities and customers of companies in which Clients may invest or otherwise have exposure. Social risks also relate to the vulnerability of a business to, and its ability to take advantage of, broader social “megatrends.” Governance risks are associated with the quality, effectiveness and process for the oversight of day to day management of companies in which the Client may invest or otherwise have exposure. Such environmental, social and governance risks may arise in respect of a portfolio company itself, its affiliates or in its supply chain, and/or apply to a particular economic sector, geographical or political region.

In general, where a sustainability risk occurs in respect of an asset, there will be a negative impact on, and may be an entire loss of, its value. For a portfolio company, this may be because of damage to its reputation with a consequential fall in demand for its products or services, loss of key personnel, exclusion from potential business opportunities, increased costs of doing business and/or increased cost of capital. A portfolio company may also suffer the impact of fines and other regulatory sanctions. The time and resources of the portfolio company’s management team may be diverted from furthering its business and be absorbed seeking to address the sustainability risk, including changes to business practices and focusing on investigations and litigation. Sustainability risks may also give rise to loss of assets and/or physical loss including damage to real estate and infrastructure. The utility and value of assets held by businesses to which Clients are exposed may also be adversely impacted by a sustainability risk.

Joint Venture with a Bank. Certain Clients partner with, and other Clients may in the future partner with, one or more banks to make particular investments or types of investments, with, in some instances, such banks having senior exposure to a unitranche loan program and such Clients participating in the junior exposure or vice versa. In doing so, HPS would seek to benefit from the larger combined capital base of working with a partner, as well as the partner’s sourcing channels and expertise. Each Client may be an initial economic participant in such an investment program or may join the investment program after it has begun making investments, in which case the Client may or may not share in the returns of the investments that have already been originated. Clients that join the investment program after it has begun may dilute the investment of Clients that joined the program earlier. HPS may also cause Clients that do not have sufficient capital to continue to participate in the investment program to sell their interests in the program to one or more other Clients. In addition, the investment program may have a credit facility secured by the assets of the program. Clients that participate in the program would benefit from, and are subject to the costs and liabilities relating to, such credit facility. The lender under such credit facility is expected to have recourse to all of the investments made under the program. To the extent certain Clients only participate in certain investments in the program, HPS will seek to allocate profit and loss from the underlying investments made by the program so that liabilities (including liabilities to a lender) are borne by the applicable Clients, but no assurances can be provided that such liabilities will only be borne by such applicable Clients, that sufficient assets will be available to satisfy such obligations, that the methodologies employed by the administrator of the program will accurately attribute liabilities to investments, or that such obligations will be allocated in a manner that is beneficial to any particular Client. In addition, the liabilities associated with leverage related to such a program (whether or not a Client benefits from such leverage) may reduce returns associated with such Client’s investment in the program. The structure of this type of investment program will vary on a case by case basis in order to accommodate the nature of the arrangements, applicable bank and other regulatory restrictions, particular considerations applicable to the Clients participating in the investment program, tax considerations and other factors.

Where the Clients' partner is a regulated banking entity, the vehicle established for the Clients' joint participation with the bank may be subject to bank regulation as a result of the bank's ownership interest therein. Accordingly, there is a risk that the joint venture could be subject to bank regulatory audit and review, as well as potential fines or other enforcement actions that the Clients, acting on their own, would not otherwise be subject to. While the bank joint venture partner may generally be expected to assume some of these liabilities directly, each Client would nevertheless have some exposure, potentially in respect of larger liabilities. The Clients may also be required to indemnify certain Service Providers, including the administrator and auditors. Such liabilities could be significant. Furthermore, the activities of the joint venture may be restricted because of regulatory requirements applicable to the bank or its internal policies designed to comply with, limit the applicability of, or that otherwise relate to such requirements. The joint venture may also have a credit facility under which the lender has recourse to all of the investments of the joint venture.

HPS believes that any such joint venture will be structured in a manner that would not cause a violation of applicable banking laws and regulations. However, it is possible that future changes or clarifications in statutes, regulations or interpretations concerning the permissible activities of bank holding companies, as well as further judicial or administrative decisions and interpretations of present or future statutes or regulations could restrict (or possibly prevent) the banking partner from continuing to participate in the joint venture in the manner originally contemplated. In such event, HPS and the applicable banking partner may agree to alter or restrict the investment program or may elect to terminate the investment program altogether. Any such restructuring or termination may adversely affect the returns realized by Clients in connection with their participation in the investment program.

Bank Partner Program. It is expected that certain Clients may participate in a program established between a bank partner and HPS (the "**Program**") where the Client may, simultaneous with or following its acquisition of an investment, sell such investment or a participation or a similar interest in all or a portion of such investment to a bank partner and agree, on a future transaction settlement date, to reacquire such investment, participation or other similar interest in exchange for the payment of a fixed rate to the bank partner. During the period that the bank partner holds the investment, participation or other similar interest in such investment, the Clients will continue be entitled to receive current proceeds accrued with respect to such investment. If the Client fails to reacquire such investment, participation or other similar interest from the bank partner in accordance with the terms of the Program, the bank partner may have certain recourse against the Client, including the right to sell the investment, participation or other similar interest (in which case the bank partner will be entitled to recover any losses it incurs on such sale). For the avoidance of doubt, if an investment's value fluctuates, including by significantly decreasing in value, the Clients will remain committed to reacquire the investment, participation or other interest and to pay the bank partner for its services in acquiring the investment or participation.

Certain Clients may also participate in the Program and have an opportunity to purchase one or more investments that were originated prior to the initial closing date by a bank partner. As part of the Program, the bank partner may acquire a portion of one or more investments alongside one or more other Clients, with such other Clients committing to acquire the bank partner's share of the investment on a future transaction settlement date. To the extent that the Client's initial closing date occurs prior to the applicable transaction settlement date, the Fund would acquire the investment, directly or indirectly, from the bank partner at original cost (and the Client, in acquiring such investment in such instance, shall not be required to pay to the bank partner any additional fees or expenses). In such case, the Client would also not be entitled to receive, or otherwise share in, any current proceeds distributed or accrued with respect to the investment until the applicable transaction settlement on which the Client acquires the investment. During the time between the bank partner's purchase of the investment and the applicable transaction settlement date, the investment's value may fluctuate, including by significantly decreasing in value. For the avoidance

of doubt, the Client will bear the risk (and benefit from the reward) of any increase or decrease in the fair market value between the time an investment is acquired and sold by the bank partner.

Additionally, certain Client may participate in the Program by providing a commitment to acquire an investment from a bank partner, at a future transaction settlement date. In consideration of the Client's agreement to purchase the applicable investment from the bank partner on the transaction settlement date, the Client would be entitled to receive the current proceeds accrued or distributed with respect to the applicable portion of the investment until such transaction settlement date, and the Client would pay the bank partner a fixed rate upon sale of the investment. As part of the Program, another Client (including a recently launched fund or account managed by HPS) may elect to purchase such investment from the bank partner for its original cost. If another Client does not acquire such investment, the Client would purchase and retain such investment from the bank partner. The limited partners acknowledge that if another Client does not acquire such investment, the Client will remain obligated to purchase and retain such portion of the investment.

Asset-Based Financing by Clients. Certain Clients may invest, and have invested, in asset-based loans with third-party investment funds (each, a "**Fund Issuer**") where such loans are directly or indirectly collateralized by the value or cash flow of one or more of a Fund Issuer's assets, including the distributions the Fund Issuer expects to receive from its underlying investments in portfolio companies ("**Underlying Portfolio Companies**"). As a result, if the Fund Issuer has invested in the equity of an Underlying Portfolio Company, the performance of such investment will be linked, in part, to the performance of the equity of such Underlying Portfolio Company (despite the fact that the Fund has not invested in such Underlying Portfolio Company). The assets held by such Fund Issuer are largely illiquid and, if pledged as collateral to the Fund, may require consents and other steps in order to be foreclosed upon and potentially sold. In addition, the cash flows produced by the assets held by such Fund Issuer may be irregular and/or insufficient to repay any or all of the amounts outstanding under such asset-based loan.

If a Fund Issuer defaults under its asset-based loan, such Client will have to determine whether to accelerate the amounts due under the loan or enter into a workout negotiation or restructuring with the Fund Issuer. A workout negotiation or restructuring may entail a substantial reduction in the interest rate, a substantial write-down of principal, and/or a substantial change in the terms, conditions and covenants of such loans. If a loan is accelerated, such Client may have difficulties foreclosing and ultimately selling any pledged collateral, including an Underlying Portfolio Company. If any such collateral is sold, it is possible that the proceeds of such sale or disposition will not be equal to the amount of principal and interest owed to such Client. If such Client elects not to sell any of the assets of the Fund Issuer and instead decide to collect the cash flows from the Underlying Portfolio Companies or other assets of the Fund Issuer, the cash flows produced may be irregular and/or insufficient to repay any or all of the amounts outstanding. As a result, upon any non-performance or default under any such asset-based loans made by the Client, the Client may fail to recover some or all of its capital and/or expected returns, even if the loans are collateralized.

In addition, the Clients' asset-based loans may be subject to refinancing options, prepayment options or similar provisions that could result in the Fund Issuer repaying the principal on an obligation held by the Fund earlier than expected. As a consequence, if a Client is not able to negotiate favorable prepayment premiums and/or non-call periods, such Client's ability to achieve its investment objective may be adversely affected.

In addition, Fund Issuers may be permitted to issue additional indebtedness that would increase the overall leverage and fixed charges to which such Fund Issuers are subject. Such additional indebtedness could have structural or contractual priority, either as to specific collateral (including Underlying Portfolio Companies) or generally, over the ranking of the investment by such Clients. In the event of any default, restructuring or insolvency of any Underlying Portfolio Company or other assets pledged as collateral, Such clients could

be subordinated to, or be required to share on a ratable basis with, any recoveries in favor of the holders of such other or additional indebtedness.

Exposure to Material Non-Public Information. HPS conducts a broad range of private and public debt investment businesses generally without internal information barriers in the ordinary course. As a result, from time to time, HPS (in its capacity as investment manager of Clients or accounts or in connection with investment activities on its own behalf or otherwise) receives material non-public information with respect to issuers of publicly-traded securities, other securities or syndicated loans in connection with, among other examples, its review of or participation in the acquisitions, refinancings and restructurings of such issuers, oftentimes unrelated to its management of certain Clients. In such circumstances, Clients, including Clients which will not benefit from the applicable investment opportunities, may be prohibited by law, contract or by virtue of HPS's policies and procedures, from (i) selling all or a portion of a position in such issuers, thereby potentially incurring trading losses as a result, (ii) establishing an initial position or taking any greater position in such issuers, and (iii) pursuing other investment opportunities related to such issuers, or may exit a position in advance of HPS's receipt of material non-public information in order to avoid such restrictions, thereby potentially resulting in losses or lower profits than if such exit had not occurred. On occasion, HPS may be at risk of being exposed to material non-public information due to the activities of its principals' or employees' immediate family members (such as membership of a publicly traded issuer's board of directors) and on occasion and as deemed appropriate by HPS, HPS may restrict certain of its investment personnel (including portfolio managers) from managing or otherwise providing any advice with respect to the relevant positions, resulting in one or more Clients not benefitting from the full scope of HPS's investment leaders or team members' expertise.

Risk Retention Rules. The risk retention rules require that the holder of the mandated "retention interests" hold such "retention interests" without transferring or hedging the credit risk represented by those interests, directly or indirectly (including with respect to any hedging by any person affiliated with such holder), for a significant period of time. Accordingly, the Clients that invest in such interests will be unable to sell, transfer, liquidate or hedge those positions (except that the Clients may be permitted to transfer their interests as explicitly disclosed under such Clients' Governing Documents and subject to applicable law), which could prevent them from mitigating losses on such investments. In addition, a transfer by HPS or its affiliate of their ownership interests might result in making one or more of such Clients' unable to hold the "retention interests" for the applicable CLOs under applicable law. These and similar transfer restrictions may adversely affect the financial performance of the Clients.

While the Clients intends to use various forms of leverage, the risk retention rules will limit the ability of the Clients and their affiliates to utilize various forms of leverage and engage in financing transactions to enhance gains. In particular, the risk retention rules prohibit the holder of the mandated "retention interests" from pledging any "retention interests" as collateral for a financing unless such financing is with full recourse to the holder. The occurrence of an event of default (including a failure to repay such financing in full on its maturity date) by the Clients likely would permit the lender under such financing arrangement to exercise creditor remedies against the Clients (including foreclosure and related remedies). In addition, under the risk retention rules, where a pledge of "retention interests" in connection with a financing subsequently results in the mandated "retention interests" being taken by the counterparty to the financing transaction (whether by consent, pursuant to an exercise of remedies or otherwise), the holder likely will be viewed as having violated the prohibitions in the risk retention rules on transferring such "retention interests." Furthermore, as a result of the risk retention rules, the Clients will be unable to liquidate, sell, hedge or otherwise mitigate the credit risk under or associated with a "retention interests" investment until such time as (i) the total unpaid principal balance of the loans and other assets collateralizing the applicable CLO has been reduced to thirty-three (33) percent of the total unpaid principal balance of such assets as of the CLO's closing date or (ii) the total unpaid principal obligations under the CLO securities issued pursuant

to such CLO has been reduced to thirty-three (33) percent of the total balance as of the CLO's closing date, whichever comes later, which could affect the returns on the interests.

Transactions with Other HPS Funds or Accounts. An investment that HPS determined was appropriate for one Client when originally consummated may be refinanced, extended or otherwise modified in such a way that the investment is no longer consistent with such Client's investment objective. In particular, an existing investment of the Client may be refinanced and the new loan may have higher or lower interest rates, for example, due to changes in market conditions, deteriorations or improvements in the business of the issuer or other factors. In these circumstances, the Client may exit the investment at the time the loan is refinanced, extended or otherwise modified and one or more Client may participate in the investment going forward (and such transaction will not require the consent of the limited partners or limited partner advisory committee, as applicable).

Furthermore, in connection with the winding-up and liquidation of a Client, if such Client holds one or more investments that the manager of another Client determines to be within the investment objective of such other Client, HPS may cause the Client to sell such investments to such other Client for a price determined by HPS and/or such Clients. In some instances, a Client may be established with the sole or primary objective of purchasing assets from other Clients that are approaching the end of their terms or that are otherwise nearing their wind-up phase. Because HPS would be acting on behalf of both such Client, as seller, and such other Client, as buyer, in the transaction, HPS will have a conflict of interest in establishing the valuation. Certain assets, particularly distressed or underperforming assets, may be more difficult to value and may be sold at a discount to their then-current marks. While HPS may seek the input of one or more third-party valuation agents in connection with such a transaction, it may be the case that the sale price of one or more such assets falls below the price or range provided by such agent. After the conclusion of the transaction, it is possible that the value of any sold assets may materially change, including by significantly increasing (or decreasing) in value once held by the purchasing Clients.

Underlying Investment Vehicles. Certain Clients are expected to make a significant portion (or all) of their investments through underlying investment vehicles. Certain of the investment vehicles through which Clients invest may be structured so that the Client holds debt interests instead of equity interests or holds a partial debt interest. This structure may involve certain risks, including the potential subordination of the interests held by the Client, limited protection in the event of insolvency and limited recourse beyond the assets of the investment vehicle.

Timing of Realization of Investments. HPS, in its discretion, may seek to realize a Client's investments earlier than originally expected, which may be accomplished through one or more transactions, including transactions with other Clients. HPS may seek such realizations in order to support a Client's target risk/return profile with respect to such Client's unrealized investments, taking into account such factors as the Client's expense ratio relative to such assets and the availability of, or repayment obligations with respect to, any credit facilities.

Certain Significant Limited Partners. An investor may make a significant investment in a Client (a "Significant Limited Partner"). If a Significant Limited Partner defaults on its obligations to make capital contributions to a Client or is excused or excluded from all or a portion of an investment, it could, among other adverse consequences to such Client and the other investors, leave such Client with insufficient capital to meet its obligations, reduce such Client's borrowing base (and thus, its ability to borrow or keep existing borrowings outstanding) and cause such Client to fail to achieve their investment objectives. In particular, the other investors may be required to contribute additional capital to make up for a shortfall with respect to an investment, and as a result their exposure to the applicable investment may be significantly more concentrated and the Client may not be able to achieve the desired level of investment diversification and likely reduce the Client's returns. Also, there could be additional unintended consequences of a Significant

Limited Partner investing in a Client that may be adverse to such Client and the other investors in such Client, including where such Significant Limited Partner participates in a vote of the investors in such Client if such Significant Limited Partner's interests are not aligned in whole or in part with the other investors.

Differing Terms of Employee and Related Investors. It is expected that certain current or former employees and personnel of HPS, any direct or indirect shareholder, member or partner of HPS or its affiliates, or any affiliate of the foregoing, their respective employees and operating, sourcing and joint venture partners, their relatives and personal acquaintances and their respective estate planning vehicles and charitable foundations will invest, directly or indirectly, in the Clients Subject to applicable law, the terms of an investment by such investors will differ from, and be more favorable than, those of an investment by an external investor. For example, such investors generally will not be subject to a management fee or carried interest with respect to their interests, may receive capital calls, distributions and information regarding investments at different times than other investors in the Clients and may benefit from different credit facility arrangements established, for example, with regard to an "employee feeder fund" through which such investors may participate in the Clients.

Proceeds used for Repayment of Indebtedness and Cash management Purposes. The general partner or manager of a Client that has a credit facility may cause proceeds from such Client's investments to be used for repayment of outstanding indebtedness under such credit facility in lieu of distributing such amounts to investors. Where investment proceeds are used to repay borrowings that are secured by assets of the Client, such repayments are generally considered to have been an expense of the applicable investment, thereby reducing the ultimate amount realized by the Client in respect of such investment. Accordingly, the portion of the realized amount retained by the Client and used to repay related indebtedness is not treated as a deemed distribution to, and recontribution by, the Client's investors. Similarly, a general partner or manager of a Client may cause the Client to use amounts borrowed from a credit facility for cash management purposes, including to limit the frequency of contributions and distributions or to pay down a revolving credit facility temporarily prior to re-drawing such amounts in connection with making a distribution to the Client's investors, as well as to satisfy margin calls on hedging transactions and other short-term liquidity needs. In addition, amounts drawn from a credit facility may be distributed to a Client's investors and later recalled as needed to fund investments or expenses, particularly where such borrowings facilitate the Client's ability to achieve its target debt ratio in connection with its investment mandate. These transactions are designed to increase operational efficiency, enhance returns to investors and attain the Client's investment objectives. In such cases, amounts used in connection with the borrowing from, and repayment of, the credit facility are not treated as deemed distributions to and contributions from a Client's investors, and therefore will not reduce such investor's available commitment with respect to such Client.

Risks Arising from the Use of Credit Facilities and Excused Investments. A limited partner may be excused or excluded from participating, in whole or in part, in a Client's investment (such investment, an "**Excused Investment**"). Nevertheless, to the extent that the Client utilize an asset-based leverage facility, and an Excused Investment is pledged as collateral to, or otherwise included in the borrowing base of, such facility, such Excused Investment is expected to be cross-collateralized with the other assets included under such facility. In this situation, proceeds from an Excused Investment are expected to be used to satisfy the obligations of the applicable Funds under such facility. For example, proceeds from an Excused Investment may be used in support of a defaulted or impaired asset under such facility. In addition, when allocating the interest expense of, and principal amount under, each such facility among the limited partners, the general partner intends to apply certain assumptions to the entire asset pool to determine the portion of such interest expense and principal amounts attributable to the Excused Investment, which may result in allocations that are not precise. The allocation methodology may also change over time. As a result, limited partners (whether or not participating in the Excused Investment) may be impacted by the inclusion of the Excused Investment in the asset-based leverage facility, and such impact may be adverse.

In addition, certain Clients have entered into, or are expected to enter into, one or more subscription facilities. While capital calls, distributions and allocations are expected to be adjusted with respect to the principal indebtedness under such subscription credit facilities to reflect the excuse or exclusion of applicable limited partners from Excused Investments, the interest and other expenses of subscription facilities are considered Client expenses and each limited partner generally will bear its pro rata portion of such expense based on such limited partner's capital commitments. As a result, limited partners that are excused or excluded from an Excused Investment will bear interest and other credit facility expenses attributable to borrowings used to fund Excused Investments in which they did not participate.

Implementation of Excuse Provisions. Due to timing and other constraints, investors are not expected to be notified in advance of each investment made by a Client, particularly when investments are funded with a credit facility in lieu of drawing capital from investors. As a result, investors may not be able to exercise their rights to be excused from an investment prior to the Client making such investment and it may not be possible to exclude such investors after the investment has been acquired. While HPS generally monitors this situation to seek to identify potentially problematic investments, HPS is not expected to fully understand the circumstances of each investor and may not be able to identify all investments that may be problematic for each investor. Investors should not expect HPS to identify each investment from which an investor may seek to be excused and should not rely on HPS to make this determination on their behalf.

Risks Related to the Trading Instruments of the HPS Funds and Third Party Funds:

For the avoidance of doubt, the below is a list inclusive of potential risk factors related to all HPS investment strategies generally and, as such, applicability will be dependent on the specific investment mandate.

Publicly Traded Securities. Clients may invest in publicly traded equity and debt securities. Some of these securities may be low rated or unrated and illiquid. The value of equity securities generally will vary with the performance of the issuer and movements in the equity markets. These investments are subject to certain risks, including the risk of loss from counterparty defaults and the risks arising from the volatility of the global fixed-income and equity markets. When buying a publicly traded security, Clients may be unable to obtain financial covenants or other contractual rights that the Client might otherwise be able to obtain in making privately-negotiated investments. Moreover, Clients may not have the same access to information in connection with investments in public securities, either when investigating a potential investment or after making an investment, as compared to a privately-negotiated investment. Publicly traded securities that are rated by rating agencies are often reviewed and may be subject to downgrade, which generally results in a decline in the market value of such security. Furthermore, Clients may be limited in their ability to make investments and to sell existing investments in public securities because HPS may have material, non-public information regarding the issuers of those securities or as a result of other HPS policies, as the case may be. Accordingly, there can be no assurance that Clients will make investments in public securities or, if they do, as to the amount they will invest. The inability to sell securities in these circumstances could materially adversely affect the investment results of Clients. Further, no assurances can be given that the ratings on such securities accurately reflect their risk profiles.

High Yield Debt and Below Investment Grade Debt Obligations. A Client may invest in "higher yielding" (and, therefore, generally higher risk) debt securities. In most cases, such debt will be rated below "investment grade" or will be unrated and face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments. The market for high-yield securities has experienced periods of volatility and reduced liquidity. Obligors of below investment grade debt obligations may be highly leveraged and may not have available to them more traditional methods of financing. During an economic downturn, a sustained period of rising interest rates, or a period of fluctuating exchange rates (in respect of those obligors with operations located in non-U.S. countries), such obligors may be more likely to experience financial stress and may be unable to meet

their debt obligations due to the obligors' inability to achieve sufficient financial results or the unavailability of financing or under certain market conditions may not be able to refinance their debt obligations which may increase their risk of default. The market values of certain of these debt securities may reflect individual corporate developments. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of these debt securities.

Nature of Fixed-Income Securities. Fixed-income securities in which a Client invests may be unsecured, whereas all or a significant portion of the issuer's senior indebtedness may be secured. In such situations, the ability of the Client to influence a portfolio company's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. Investments in fixed-income securities may be subject to early redemption features, refinancing options, prepayment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by a Client earlier than expected.

Bank Loans. Bank loans and participations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of Clients to directly enforce compliance by the obligor with the terms of the loan or credit agreement or other instrument evidencing such loan obligation, or enforce any rights of set-off against the obligor.

Senior Secured Loans. Senior secured loans and participations are subject to risks, including: (i) the possible invalidation, avoidance, unwinding or subordination of an investment transaction; (ii) so-called lender liability claims; (iii) environmental liabilities; (iv) limitations on the ability to directly enforce compliance by the obligor with the terms of the loan or credit agreement or enforce (or retain all the proceeds realized from) any rights of set-off against the obligor; and (v) the possibility of being outvoted by other lenders in syndicated senior secured loans on important issues. In addition, these investments may be subject to the risk that the Clients' security interests in the underlying collateral are not properly or fully perfected. Compounding these risks, the collateral securing debt investments will often be subject to casualty or devaluation risks. In addition, certain Clients may invest in senior loans that, unlike typical senior loans, have limited mandatory amortization requirements. Lastly, the characterization of an investment as senior debt or senior secured debt does not mean that such debt will necessarily have repayment priority with respect to all other obligations of a portfolio company. Portfolio companies may have, and/or may be permitted to incur, other debt and liabilities that rank equally with or senior to the senior loans in which the Clients invest.

Debt Investments in Private Companies. Investing in the debt of private, small and middle market companies involve a number of particular risks that may not exist in the case of large public companies, including: (i) these companies may have limited financial resources and may be unable to meet their obligations under the debt securities that a Client holds, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of such Client realizing on any guarantees the Client may have obtained in connection with its investment; (ii) these companies typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns; (iii) limited public information exists about many of these companies, and the Client is required to rely on the ability of its manager's investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies, and if the manager is unable to uncover all material information about these companies, it may not make a fully informed investment decision, and the Client may lose money on such investments; (iv) these companies are more likely to depend on the management talents and efforts of a small group of persons and, as a result, the death, disability, resignation or termination of one or more of these persons could have a negative impact on these companies' ability to

meet their obligations; (v) 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 expansion or maintain their competitive position; and (vi) these companies may have difficulty accessing the capital markets or obtaining financing to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity, which may increase the risk of their defaulting on their obligations, leaving creditors such as the Client dependent on any guarantees or collateral they may have obtained. The impact of these risks on debt investments made by the Client will be more pronounced when the debt investments are not secured by the private company's assets.

Subordinated Debt. Clients may invest in subordinated debt. If a portfolio company defaults on such debt or on debt senior to a Client's investment, or in the event of the bankruptcy of a portfolio company, the investment held by such Clients will be recovered only after the senior debt is repaid in full. Under the terms of typical subordination agreements, senior creditors may be able to block the acceleration of the subordinated debt or the exercise by holders of subordinated debt of other rights they may have as investors. Accordingly, Clients may not be able to take the steps necessary or sufficient to protect their investments in a timely manner or at all. In addition, subordinated debt may not always be protected by financial covenants or limitations upon additional indebtedness and may not be rated by a credit rating agency. If a portfolio company declares bankruptcy, Clients may not have full or any recourse to the assets of the portfolio company or the assets of the portfolio company may not be sufficient to repay the Clients' investments in full. Further, HPS's ability to amend the terms of the Clients' investments, assign the investments, accept prepayments, exercise their remedies (through "standstill periods") and control decisions made in bankruptcy proceedings may be limited by intercreditor arrangements if debt senior to the Clients' investments exists. In addition, the risks associated with subordinated loan securities include a greater possibility that adverse changes in the financial condition of the obligor or in general economic conditions (including a sustained period of rising interest rates or an economic downturn) may adversely affect the borrower's ability to pay principal and interest on its loan. Many obligors on subordinated loan securities are highly leveraged, and specific developments affecting such obligors, including reduced cash flow from operations or the inability to refinance debt at maturity, may also adversely affect such obligors' ability to meet debt service obligations. The level of risk associated with investments in subordinated debt increases if such investments are in distressed or below investment grade issuers. Default rates for subordinated loan securities have historically been higher than has been the case for investment grade securities.

Subordinated Debt Tranches. Certain Clients may make opportunistic investments in securities, in particular in subordinated and equity tranches, issued by CLOs, including CLOs for which HPS or its subsidiary acts as the collateral manager. Investments in CLO securities are complex and are subject to a number of risks related to, among other things, changes in interest rates, the rate of defaults and recoveries in the collateral pool, prepayment rates, terms of loans purchased to replace loans in the collateral pool which have pre-paid, the exercise of remedies by more senior tranches and the possibility that no market will exist when Clients seek to sell their interests in CLO securities. If a CLO fails to satisfy one of the coverage tests provided in its indenture, all distributions on those CLO securities held by the Clients will cease until that CLO brings itself back into compliance with such coverage tests. CLO securities represent leveraged investments in the underlying collateral held by the CLO issuer. The use of leverage creates risk for the holders because the leverage increases their exposure to losses with respect to the collateral. As a result, the occurrence of defaults with respect to only a small portion of the collateral could result in the substantial or complete loss of the investment in the CLO securities. Payments of principal of, and interest on, debt issued by CLOs, and dividends and other distributions on subordinated and equity tranches of a CLO, are subject to priority of payments. CLO equity is subordinated to the prior payment of all obligations under debt securities. Further, in the event of default under any debt securities issued by a CLO, and to the extent that any elimination, deferral or reduction in payments on debt securities occurs, such elimination

will be borne first by CLO equity and then by the debt securities in reverse order of seniority. Thus, the greatest risk of loss relating to defaults on the collateral held by CLOs is borne by the CLO equity.

Financial Maintenance Covenants/Covenant-Lite Loans. A portion of a Client's investments may be composed of so-called "covenant-lite loans." Generally, covenant-lite loans either do not have certain maintenance covenants that would require the issuer to maintain debt service or other financial ratios or do not contain common restrictions on the ability of the issuer to change significantly its operations or to enter into other significant transactions that could affect its ability to repay such loans. Ownership of covenant-lite loans may expose such Client to different risks, including with respect to liquidity, price volatility and ability to restructure loans, than is the case with loans that have financial maintenance covenants. As a result, such Client's exposure to losses may be increased. In addition, in the current economic environment, the market prices of covenant-lite loans may be depressed.

CLOs. As mentioned above, certain Clients may invest (including "equity" or residual tranches) in CLO products and other securitizations, which are generally limited recourse obligations of the issuer ("Securitization Vehicles") payable solely from the underlying assets ("Securitization Assets") of the issuer or proceeds thereof. Consequently, holders of equity or other securities issued by Securitization Vehicles must rely solely on distributions on the Securitization Assets or proceeds thereof for payment in respect thereof. The Securitization Assets may include, without limitation, broadly-syndicated leverage loans, middle-market bank loans, collateralized debt obligation debt tranches, trust preferred securities, insurance surplus notes, asset backed securities, mortgages, real estate investment trusts, high-yield bonds, mezzanine debt, second-lien leverage loans, credit default swaps and emerging market debt and corporate bonds, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. Securitization Assets are typically actively managed by an investment manager, and as a result the Securitization Assets will be traded, subject to rating agency and other constraints, by such investment manager. The aggregate return on the CLO equity securities will depend in part upon the ability of each investment manager to actively manage the related portfolio of Securitization Assets.

The applicable Client's investment strategy with respect to certain types of investments may be based, in part, upon the premise that certain investments (either held directly or through a CLO) that are otherwise performing may from time to time be available for purchase by the Client at "undervalued" prices. Purchasing interests at what may appear to be "undervalued" or "discounted" levels is no guarantee that these investments will generate attractive risk-adjusted returns to the Client or will not be subject to further reductions in value. No assurance can be given that investments can be acquired at favorable prices or that the market for such interests will continue to improve since this depends, in part, upon events and factors outside the control of HPS.

Subordination of CLO Equity. Payments of principal of, and interest on, debt issued by CLOs, and dividends and other distributions on unsecured subordinated notes and preference shares ("CLO Equity") are subject to priority of payments. CLO Equity is subordinated to the prior payment of all obligations under debt securities. Further, in the event of default under any debt securities issued by a CLO, holders of CLO Equity generally have no right to determine the remedies to be exercised. To the extent that any elimination, deferral or reduction in payments on debt securities occurs, such elimination will be borne first by CLO Equity and then by the debt securities in reverse order of seniority. Thus, the greatest risk of loss relating to defaults on the collateral held by CLOs is borne by the CLO Equity. To the extent that a default occurs with respect to any collateral and such collateral is sold or otherwise disposed of, it is likely that the proceeds of such sale or other disposition will be less than the unpaid principal and interest on such collateral. Excess funds available for distribution to debt and equity securities issued by a CLO will be reduced by losses occurring on the collateral and returns on the CLO Equity will be adversely affected.

Prepayment of Obligations. The terms of loans held by CLOs may be subject to early redemption features, refinancing options, prepayment options or similar provisions which, in each case, could result in the borrower repaying the principal on an obligation indirectly held by the applicable Client earlier than expected, either with no or a nominal prepayment premium. This may happen when there is a decline in interest rates or credit spreads, or when the borrower's improved credit or operating or financial performance allows the refinancing of certain classes of debt with lower cost debt. Assuming an improvement in the credit market conditions, early repayments of such debt could increase. There is no assurance that a CLO will be able to reinvest proceeds received from prepayments in assets that satisfy its investment objective, and any delay in reinvesting such proceeds may materially affect the performance of the applicable Client. Conversely, if the prepayment does not occur within the expected time frame, the term of the applicable Client may be longer than expected or the applicable Client may make distributions in kind.

Warehouse Financing. Relatively short-term credit facilities may be used to finance the acquisition of securities for any new CLO until a sufficient quantity of loans are accumulated, at which time the assets are refinanced through a securitization, such as a CLO issuance, or other long-term financing. As a result, there is the risk that a CLO will not be able to acquire, during the period that the short-term facilities are available, a sufficient amount of eligible loans to create a new CLO that will achieve its targeted return. There is also the risk that a CLO will not be able to obtain such short-term credit facilities or may not be able to renew any short-term credit facilities after they expire should it be necessary to obtain extensions for such short-term credit facilities to allow more time to seek and acquire the necessary eligible instruments for a long-term financing. Inability to renew or extend these short-term credit facilities may require a CLO to seek more costly financing for these assets or to lose the ability to utilize them in connection with the creation of a CLO issuance. In addition, conditions in the capital markets may make the creation of a CLO issuance less attractive when a sufficient pool of collateral is available. If such conditions were to exist and a CLO could not complete a CLO issuance prior to the expiration of such financing, the CLO may have to liquidate the investments that it had accumulated, potentially resulting in losses to the CLO.

Unsecured Debt. Most of the fixed-income securities held by Clients are expected to be unsecured, whereas all or a significant portion of the issuer's senior indebtedness may be secured. In such situations, the ability of the Clients to influence a portfolio company's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. Even where the Clients invest in secured debt, such investments may be subject to the risk that the Clients' security interests in the underlying collateral are not properly or fully perfected. Compounding these risks, the collateral securing debt investments will often be subject to casualty or devaluation risks. Moreover, such investments may not be protected by financial covenants or limitations upon additional indebtedness.

Undervalued Assets. Clients may invest in undervalued debt investments and other assets as part of their investment strategy. The identification of investment opportunities in undervalued debt investments and other assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial or complete losses.

Clients may incur substantial losses related to assets purchased on the belief that they were undervalued by their sellers, if they were not in fact undervalued at the time of purchase. In addition, Clients may be required to hold such assets for a substantial period of time before realizing their anticipated value, and there is no assurance that the value of the assets would not decline further during such time. Moreover, during this period, a portion of the Clients' assets would be committed to those assets purchased, thus preventing Clients from investing in other opportunities. In addition, Clients may finance such purchases with borrowed funds and thus will have to pay interest on such borrowed amounts during the holding period.

Delayed Draws, Revolvers and Lines of Credit. Clients may from time to time incur contingent liabilities in connection with an investment. For example, Clients may participate in one or more investments that are structured as “delayed draws” or “revolvers” or “lines of credit.” If the borrower subsequently draws down on the delayed draw, revolver or line of credit facility, Clients would be obligated to fund the amounts due. In such circumstances, Clients may be required to reserve undrawn capital commitments for future funding obligations and may be required to fund such obligations after the termination of the relevant commitment period. However, there can be no assurance that an issuer will ultimately draw down on any such obligation, in which case Clients may never fund the investment (in full or in part), which may result in Clients not fully deploying their committed capital. In addition, it is possible that a delayed draw or revolver investment would be bifurcated by HPS into separate investments, with certain investors (which may or may not include Clients) participating in the initial drawdowns and other investors (which may or may not include Clients) participating in the later drawdowns. In this situation, it is possible that only those investors that participate in such investment at the initial closing will benefit from any upfront fees or other original issue discount from such investment. Clients may also incur numerous other types of contingent liabilities. There can be no assurance that Clients will appropriately plan for its contingent liabilities and that such liabilities will not have an adverse effect on Clients.

It is possible that a revolver, delayed-draw or line of credit investment would be bifurcated by HPS into separate investments, with certain investors (which may or may not include one or more Clients) participating in the initial drawdowns and other investors (which may or may not include one or more different Clients) participating in the later drawdowns. In this situation, it is possible that investors that participate in the initial funding of an investment may receive certain economic benefits in connection with such initial funding, such as original issue discount, closing payments, or commitment fees and these benefits are expected to be allocated based on participation in the initial funding, regardless of participation in future funding obligations. Conversely, the investors participating only in the later funding obligations will have the benefit of the most recent portfolio company performance information in evaluating their investment whereas the investors that participated in the initial drawdowns will be obligated in any event to fund such later funding obligations. In certain cases, certain Clients may participate in the initial funding of an investment, but may not participate in later-arising funding obligations (*i.e.*, the revolver, delayed-draw or line of credit portions) related to such investment, including because of capacity limitations that an investment vehicle may have for making new revolver, delayed-draw investments or lines of credit or because HPS forms a new investment fund focused on investing in revolvers, delayed-draw investments and lines of credit. As a result, certain Clients may be allocated a smaller or larger portion of revolver, delayed-draw investments or lines of credit than other investors participating in the loan. Where certain Clients and any other participating investors have not participated in each funding of an investment on a pro rata basis, conflicts of interest arise between such Clients and the other investors as the interests of the Clients and the other investors may not be completely aligned with respect to such investment. In addition, a revolver, delayed draw investment or line of credit may be senior to the rest of the loan or to the initial funding, and as a result, the interests of one or more Clients may not be aligned with other participating investors. There can be no assurance that a Client will appropriately plan for its contingent liabilities and that such liabilities will not have an adverse effect on the Client.

Initial Investments. HPS has entered into warehousing arrangements and may enter into additional warehousing arrangements with one or more warehousing partners whereby such warehousing partner will commit to and fund certain investments sourced by HPS with the agreement to sell such investments to Clients on a future date. During the period that the warehousing partner holds the investment, the Clients are not expected to be entitled to receive or otherwise participate in any distributions or payments made to the warehousing partner with respect to such investment, including any cash interest payment. The consideration to be paid to the warehousing partner by the Clients with respect to an initial investment is in many cases expected to be the sum of (i) all amounts funded by such warehousing partner with respect to such investment (reduced by any payments or distributions (other than interest payments) such warehousing

partner may have received in respect of the investment, such as commitment fees) and (ii) all accrued and unpaid cash interest under the investment for the period prior to the sale to the Clients, among others.

If the Clients fail to acquire such investments from the warehousing partner in accordance with the terms of the warehousing arrangement within a specified period of time, the warehousing partner may have certain recourse against the Clients, including terminating its obligation to sell such investments to the Clients. For the avoidance of doubt, if an investment's value fluctuates, including by significantly decreasing in value, the Clients will remain committed to purchase the investment at the originally agreed price, even where such price represents more (potentially by a material amount) than the fair market value of such investment.

One or more of the warehousing partners with which the Clients have and/or are expected to enter into warehousing arrangements will include one or more third-party minority investors in, and/or institutional clients of, HPS (including investors or potential investors in Clients) (each, an "**HPS Related Seller**"). Accordingly, these warehousing transactions may raise potential conflicts of interest because of the connection between HPS and an HPS Related Seller, including that an HPS Related Seller may be entitled in certain circumstances to share in performance-based compensation and management fees paid to HPS or an affiliate. These potential conflicts of interest may also include an incentive for HPS to cause the Clients to acquire the investment at a price higher than the price that the Clients may have otherwise been willing to pay to an unrelated third party, including because of the close relationship between an HPS Related Seller and HPS. Furthermore, the HPS Related Sellers are expected to be compensated or earn profits in connection with providing warehousing to the Clients through the retention of any interest payments made to the warehousing partner and payment of accrued interest, prior to the date of acquisition by the Clients, and neither the Clients nor any other investor will have any interest or right to share in any such amounts. In connection with any such transactions, the HPS Related Sellers may take or omit to take any action in its capacity as a seller without regard to its interests as an investor and a stakeholder in HPS.

Follow-on Investments. Following its initial investment in a portfolio company, Clients may have the opportunity to make an additional investment in such portfolio company. While it is expected that the applicable Clients will participate in any follow-on investments on a pro rata basis in accordance with their initial investments in such portfolio company, there may be circumstances where this is not the case. For example, there is no assurance that the applicable Clients will have sufficient available capital to make such a follow-on investment even where a Client does make such follow-on investment. Conversely a Client may have an opportunity to participate in a follow-on investment that other Clients do not make. If a Client does not participate in a follow-on investment, said Client's investment may be diluted vis-à-vis the participating Clients' investment and the returns of the non-participating Client with respect to such investment may further diverge from those of the participating Clients. Further, there could be conflicts of interest between the non-participating Clients and the participating Clients, for example, if the follow-on investment is in a different part of the capital structure than the original investment.

Purchases of Secondary Debt. Clients may invest in secondary debt. Certain Clients are unlikely to be able to negotiate the terms of secondary debt as part of their acquisition and, as a result, these investments may not include some of the covenants and protections generally sought when Clients make primary investments. For example, debt investments offered in the debt markets in recent years (so-called "covenant lite" deals) often imposed less stringent covenants on the issuers of such debt investments than the covenants included in the terms of debt investments offered in previous periods. Many "covenant lite" debt investments issued during that time period may not obligate portfolio companies to observe and maintain financial maintenance covenants, such as covenants requiring issuers to comply with a maximum leverage ratio, a minimum interest or fixed charge coverage ratio or maximum capital expenditures. Even if such covenants and protections are included in the investments held by Clients, the terms of the investments may provide portfolio companies substantial flexibility in determining compliance with such covenants.

Acquisitions of Portfolios of Debt Instruments or Loans. Clients may invest in portfolios of debt instruments or loans. Clients are unlikely to be able to evaluate the credit or other risks associated with each of the underlying issuers or borrowers or negotiate the terms of underlying securities or loans as part of their acquisition but instead must evaluate and negotiate with respect to the entire portfolio of debt instruments or loans or, in the case where Clients invest in contractual obligations to purchase portfolios of debt instruments or loans subsequently originated by a third party, with respect to the origination and credit selection processes of such third party rather than based on characteristics of a static portfolio of debt instruments or loans. As a result, one or more of the underlying investments or loans in a portfolio may not include some of the characteristics, covenants and/or protections generally sought when Clients acquire or make individual investments or loans. Furthermore, while some amount of defaults are expected to occur in portfolios, defaults in or declines in the value of investments in excess of these expected amounts may have a negative impact on the value of the portfolio and may reduce the return that Clients receive in certain circumstances. In addition, in certain cases, the Clients and an Affiliated Group Account (as defined in Item 11) may jointly make debt investments or originate or otherwise acquire a portfolio of loans, a unitranche loan or other assets with a view to dividing up the loans or other assets between them in accordance with their investment mandates.

Asset Backed Securities. Certain Clients may invest in asset backed securities (“ABS”), such as commercial mortgage-backed securities and other ABS structures. Returns from ABS will depend primarily on the cash flow from or sale proceeds of the pool of assets serving as collateral for the ABS and, therefore, are subject to all the risks inherent to an investment in such pool of assets. ABS structures are primarily exposed to the performance and credit risk of the underlying collateral, which may include consumer receivables, commercial loans, investment grade credit, high-yield credit and leveraged loans. In addition, many ABS have structural features that divert payments of interest and/or principal to more senior classes when the delinquency or loss experience of the pool exceeds certain levels. As a result, such securities have a higher risk of loss as a result of delinquencies or losses on the underlying assets. In certain circumstances, payments of interest may be reduced or eliminated for one or more payment dates and the average life may lengthen. Subordinate ABS generally do not have the right to call a default or vote on remedies following a default unless more senior securities have been paid in full. ABS are also subject to market segment specific risks such as legal changes to student loan repayment programs and environmental hazards limiting air travel.

Risks Associated with Investing in Structured Credit Instruments; Developments in the Structured Credit Markets and Their Broader Impact. Clients may invest in structured credit instruments, including collateralized debt obligations, collateralized loan obligations, collateralized bond obligations, collateralized mortgage obligations and other similar securities. These may be fixed pools or may be “market value” or managed pools of collateral, including commercial loans, high yield debt, structured securities and derivative instruments relating to debt. The pools are typically separated into tranches representing different degrees of credit quality, with lower rated tranches being subordinate to senior tranches. The senior tranches, which represent the highest credit quality in the pool, have the greatest collateralization and pay the lowest spreads over treasuries. Lower rated tranches represent lower degrees of credit quality and pay higher spreads over treasuries to compensate for the attendant risks. Structured securities are extremely complex and are subject to risks related to, among other things, changes in interest rates, the rate of defaults in the collateral pool, the exercise of redemption rights by more senior tranches and the possibility that a liquid market will not exist in when the Client seeks to sell its interest in a structured security. Declines in the market value of mortgage-backed securities (“MBS”) and other structured investment products, especially those backed by subprime mortgages, were associated with significant market events resulting in the financial crisis of the late 2000s and the subsequent regulatory and market responses to the financial crisis. Increasing credit and valuation problems in the subprime mortgage market generated extreme volatility and illiquidity in the markets for MBS and other structured investment products directly or indirectly exposed to subprime mortgage loans. This volatility and

illiquidity extended to the global credit and equity markets generally, and, in particular, to the high-yield bond and loan markets, exacerbated by, among other things, uncertainty regarding the extent of problems in the mortgage industry and the degree of exposure of financial institutions and others, decreased risk tolerance by investors and significantly tightened availability of credit. Except for agency residential MBS (“RMBS”), and despite modest increases in non-agency RMBS issuance, the market for RMBS has not significantly recovered (relative to the pre-financial crisis market) from these conditions and it is difficult to predict if or when the non-agency RMBS market will recover from such conditions. If the structured credit markets continue to face uncertainty or to deteriorate, then the Client may not be presented with sufficient investment opportunities in MBS and other structured investment products, which may prevent the Client from successfully executing investment strategies in such investments. Moreover, further uncertainty or deterioration in the structured credit markets could result in further declines in the market values of or increased uncertainty with respect to investments made or considered by the Client, which could require Client Fund to dispose of investments at a loss while such adverse market conditions prevail.

Non-Performing Loans (“NPLs”). It is expected that certain Clients will seek to acquire portfolios of loans that are non-performing and possibly in default. Furthermore, the obligor and/or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments with respect to these loans. Further, while most of these NPLs will be secured, some NPLs will not be secured. While investments in NPLs offer the opportunity for significant gains if all or a part of the principal on the loans is recovered, these investments involve a high degree of financial risk and can result in substantial or complete losses to Clients.

Although HPS will attempt to manage these risks, there can be no assurance that Clients’ investments in NPLs will prove profitable or that Clients will not incur significant losses. There are varying sources of statistical default and recovery rate data for loans and other debt securities and numerous methods for measuring default and recovery rates. However, historical performance of financial assets is not necessarily indicative of their future performance.

Real Asset Investments. In addition to the other risks described in this Item 8, real asset and real asset-related investments in whose debt a Client may invest are subject to various additional risks, including changes in regional, national and international economic conditions, adverse local market conditions, changes in the financial condition of tenants, credit and other risks of buyers and sellers of properties, changes in the availability of debt financing, changes in interest rates, real estate tax rates and other operating expenses. Additionally, such portfolio companies may be subject to additional legal complications, including zoning laws and other governmental rules and fiscal policies. Further, such portfolio companies may be adversely affected by changes in the relative popularity of property types and locations of property held, risks due to dependence on cash flow, and operating problems arising out of the presence of certain construction materials.

Ongoing Changes and Developments in the Energy Industry. In the past, the power sector, and particularly the utility industry, was generally characterized by institutional stability and predictability of financial performance. However, deregulation, privatization, technological change and market volatility have created a less stable sector with substantially greater variability of performance. Such factors may continue to influence the energy industry, and therefore the portfolio companies, in ways that may not be foreseeable by HPS when making an investment in a portfolio company, and which may negatively affect the Client’s ability to earn a return on its investments.

In many regions, including the United States, the electric utility industry, and the power industry generally, is experiencing increasing competitive pressures, primarily in wholesale markets, as a result of consumer demands, technological advances, greater availability of natural gas, and other factors. To the extent that competitive pressures increase and the pricing and sale of electricity assume more characteristics of a

commodity business, the economics of independent power generation projects in whose debt the Client invests will likely be affected. In addition, as competition increases, independent power producers may find it increasingly difficult to negotiate long-term power sales agreements with creditworthy purchasers, which may affect the profitability and financial stability of the Client's portfolio companies.

Further, certain investments may be subject to changing policy-driven requirements in addition to general changes. For example, a traditional utility with a franchised service territory may be required to comply with a new renewable energy standard or implement new energy efficiency measures. Compliance with these new requirements may result in higher costs to the utility. Also, other non-utility energy investments may be subject to state or federal regulation with respect to the provision of demand response or new energy efficiency services.

Sensitivity to Commodity and Natural Resource Prices and Other Economic Factors. Energy-related companies in which certain Clients may invest can be particularly sensitive to fluctuations in market price, as well as fluctuations in supply and demand of electricity, oil, natural gas, coal and other commodities (which have been, and are likely to continue to be, volatile). Also, the estimates HPS will use to assess the attractiveness of investments (including the capital structure and valuation of such investments) will be based on financial estimates or projections of such market conditions, commodity prices, natural resource reserves and supply and demand dynamics, which estimates are also subject to wide variances. Moreover, declines in demand for power, including reduced consumption of electricity, gas, and other energy sources (for example, as a result of an economic slowdown) could negatively affect portfolio companies in which the Client invests by reducing their revenues, net income and assets. Consequently, there can be no assurance that the volatility and unpredictability of commodity and natural resource prices and supply and demand dynamics will not negatively affect the portfolio companies' performances (and their ability to service their outstanding debt).

Real Estate Market. Certain Clients may directly or indirectly make real estate-related investments. If Clients make real estate-related investments, such investments will be subject to the risks inherent in the ownership of real estate assets. These risks typically include fluctuations in the real estate markets, slowdown in demand for the purchase or rental of properties, changes in the relative popularity of property types and locations, the oversupply of a certain type of property, changes in regional, national and international economic conditions, adverse local market conditions, the financial conditions of tenants, buyers and sellers of properties, changes in building, environmental, zoning and other laws and other governmental rules and fiscal policies, changes in real property tax rates or the assessed values of the investments, changes in interest rates and the availability or terms of debt financing, changes in operating costs, risks due to dependence on cash flow, environmental claims arising in respect of real estate acquired with undisclosed or unknown environmental problems or as to which inadequate reserves had been established, uninsured casualties, risks due to dependence on cash flow and risks and operating problems arising out of the presence of certain construction materials, unavailability of or increased cost of certain types of insurance coverage, such as terrorism insurance, fluctuations in energy prices, acts of God, natural disasters and uninsurable losses, acts of war (declared and undeclared), terrorist acts, strikes and other factors which are not within the control of HPS.

Clients may also make real estate credit-related investments, including investments in mortgage backed securities and investments in individual mortgages. Investments in mortgage backed securities are subject to the risks applicable to the risks described above in Asset Backed Securities as well as the risks applicable to real estate investments generally. With respect to particular real estate credit investments, real estate loans that are in default may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and/or a substantial write-down of the principal of such loans. Even if a restructuring were successful, a risk exists that upon maturity of such real estate loan, replacement "takeout" financing will not be available. It is possible that HPS may

find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased by a Client. The foreclosure process can be lengthy, uncertain and expensive.

Nature of Infrastructure Investments. Certain Clients may directly or indirectly make infrastructure-related investments. Investment in infrastructure assets involves many significant relatively unique and acute risks. Project revenues can be affected by a number of factors including economic conditions, political events, competition, regulation and the financial position and business strategy of customers. Unanticipated changes in the availability or price of inputs necessary for the operation of infrastructure assets may adversely affect the overall profitability of the investment. Events outside the control of a portfolio company (which for all purposes of this section includes assets, projects and/or businesses in which Clients invest), such as political action, governmental regulation, demographic changes, economic growth, increasing fuel prices, government macroeconomic policies, toll rates, social stability, competition from untolled or other forms of transportation, natural disasters, changes in weather, changes in demand for products or services, bankruptcy or financial difficulty of a major customer and acts of war or terrorism, could significantly reduce the revenues generated or significantly increase the expense of constructing, operating, maintaining or restoring infrastructure facilities. In turn, this may impair a portfolio company's ability to repay its debt, make distributions to Clients or even result in termination of an applicable concession or other agreement. As a general matter, the operation and maintenance of infrastructure assets or businesses involve various risks, many of which may not be under the control of the owner/operator, including labor issues, failure of technology to perform as anticipated, structural failures and accidents and the need to comply with the directives of government authorities. Although portfolio companies may maintain insurance to protect against certain risks, where available on reasonable commercial terms (such as business interruption), such insurance is subject to customary deductibles and coverage limits and may not be sufficient to recoup all of a portfolio company's losses. Furthermore, once infrastructure assets of investments become operational, they may face competition from other infrastructure assets in the vicinity of the assets they operate, the presence of which depends in part on governmental plans and policies.

Minority Investments and Joint Ventures. Certain Clients may make equity investments, including minority equity investments in entities in which Clients do not control the business or affairs of such entities. In addition, Clients may co-invest with other parties through partnerships, joint ventures or other entities and HPS and the relevant general partners may share management fees and/or performance-based compensation with such parties. In some cases, Clients may pay its co-investor or joint venture partner a performance or other fee. Although in some cases Clients, HPS or the relevant general partners will have control over, or significant influence on, the decision making of joint ventures, certain decisions may require approval of all the directors or shareholders of the joint ventures. The cooperation among the joint venture partners of such companies on existing and future business decisions will be an important factor for the sound operation and financial success of these businesses. There is the possibility that the entity in which the Clients' investment is made or such co-investor may have economic or business interests or goals that are inconsistent with those of the Clients, and the Clients' may not be in a position to limit or otherwise protect the value of the Clients investment in the entity. Disputes among joint venture partners over joint venture obligations or otherwise could have an adverse effect on the financial conditions or results of operations of these businesses. In addition, Clients may in certain circumstances be liable for actions of their co-investors.

In certain cases, conflicts of interest may arise between a Client and a joint venture partner, for example, because the joint venture partner has invested in a different level of the issuer's capital structure or because the joint venture partner has different investment goals or timelines. There can be no assurance that a joint venture partner with divergent interests from a Client will cause the joint venture to be managed in a manner that is favorable to the Client. In addition, a Client may invest in debt instruments issued by a joint venture entity while one or more other clients managed by HPS invest in equity interests in such entity or vice versa, which presents certain potential conflicts of interest with respect to the capital structure of such entity.

Equity Investments. Certain Clients may directly or indirectly invest in equity securities, including common stocks of U.S. and non-U.S. issuers. Clients may also directly or indirectly purchase equity-related securities and instruments, such as convertible securities, warrants and stock options. The value of equity securities varies in response to many factors. Factors specific to an issuer, such as certain decisions by management, lower demand for its products or services, or even loss of a key executive, could result in a decrease in the value of the issuer's securities. Factors specific to the industry in which the issuer participates, such as increased competition or costs of production or consumer or investor perception, can have a similar effect. The value of an issuer's stock can also be adversely affected by changes in financial markets generally, such as an increase in interest rates or a decrease in consumer confidence, that are unrelated to the issuer itself or its industry. Stock which a Client has sold short may be favorably impacted (to the detriment to the performance of such Client) by the same factors (*e.g.*, decreased competition or costs or a decrease in interest rates). In addition, certain options and other equity-related instruments may be subject to additional risks, including liquidity risk, counterparty credit risk, legal risk and operations risk, and may involve significant economic leverage and, in some cases, be subject to significant risks of loss. These factors and others can cause significant fluctuations in the prices of the securities in which a Client invests and can result in significant losses to the Client.

Preferred Stock, Convertible Securities and Warrants. Certain Clients may invest in preferred stock, convertible securities and warrants. The value of preferred stocks, convertible securities and warrants will vary with the movements in the equity market and the performance of the underlying common stock, in particular. Their value is also affected by adverse issuer or market information. Thus, for example, as the value of the underlying common stock of an issuer fluctuates, the value of the preferred stock of such issuer would also be expected to fluctuate. With respect to warrants, their value may decrease or may be zero and thus not be exercised if the market price of the underlying securities remains lower than the specified price at which holders of warrants are entitled to buy such securities, resulting in a loss to the Client of the purchase price of the warrant (or the embedded warrant price in the case of securities issued with warrants attached).

With respect to convertible securities, as with all fixed income securities, the market value of such securities tends to decline as interest rates increase and, conversely, to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis and thus, may not decline in price to the same extent as the underlying common stock. Convertible securities rank senior to common stock in an issuer's capital structure and consequently entail less risk than the issuer's common stock. In evaluating a convertible security, HPS will give primary emphasis to the attractiveness of the underlying common stock. If a convertible security held by a Client is called for redemption, the Client will be required to permit the issuer to redeem the security, convert it into the underlying stock or sell it to a third party. Any of these actions could have an adverse effect on the Client's ability to achieve its investment objectives.

Growth Equity Investments. Certain Clients may invest in growth equity investments. While growth equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Derivative Instruments Generally. The Clients may effectuate a portion of their investment objective indirectly through derivative transactions (each, a “**Synthetic Asset**”) including, without limitation, total return swaps and credit derivatives.

Each Synthetic Asset references one or more reference obligations or indices including leveraged loans, high yield bonds, senior and second lien term loans and other debt financings or securities or indices related thereto (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 Clients 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 and the counterparty delivers the Reference Obligation to the Clients. If the Clients do not take delivery of the Reference Obligation, the Clients will have no right directly to enforce compliance by the Reference Entity with the terms of any such Reference Obligation and the Clients will not have any rights of set-off against the Reference Entity.

In the event of the insolvency of the counterparty, the Clients will be treated as a general creditor of the counterparty and will not have any claim of title with respect to the Reference Obligations. Consequently, the Clients 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 Clients to an additional degree of risk with respect to defaults by the counterparty as well as by the respective Reference Entities.

While the Clients 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 (including interest and other transaction costs paid to the counterparty) and the assumption of the credit risk of the counterparty, the Clients’ 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.

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

It is expected that the Clients will not be able to transfer Synthetic Assets without the consent of the applicable counterparty. If market quotations cannot be obtained with respect to a particular Reference Obligation, the termination value of the related transaction may be zero and the Clients may lose their entire investment in such Synthetic Asset.

To enter into a swap agreement, the Clients 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 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 zero and the Clients may lose their entire investment in the Synthetic Asset.

The Clients 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 Clients and legally permissible.

Special risks may apply to instruments that are invested in by the Clients in the future that cannot be determined at this time. 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 further 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, risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

The Dodd-Frank Act includes provisions that comprehensively regulate over-the-counter (“OTC”) derivatives markets for the first time, including the swap markets.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”) and regulations implementing the Dodd-Frank Act mandate that certain OTC derivatives must be submitted for clearing to regulated clearinghouses. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearing member and clearinghouse, as well as possible SEC or U.S. Commodity Futures Trading Commission (the “**CFTC**”) mandated margin requirements. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives and new requirements on holding of customer collateral by OTC derivatives dealers. These requirements may increase the amount of collateral the Clients are required to provide and the costs associated with providing it. Although the Dodd-Frank Act includes limited exemptions from the clearing and margin requirements for certain “end-users,” the Clients should not expect to be able to rely on such exemptions. In addition, the OTC derivative dealers with which the Clients execute the majority of their OTC derivatives will be subject to clearing and margin requirements irrespective of whether the Clients are subject to such requirements. OTC derivative dealers also will be required to post margin to the clearinghouses through which they clear their customers’ trades instead of using such margin in their operations, as is currently permitted. This will increase the OTC derivative dealers’ costs, and these increased costs are expected to be passed through to other market participants in the form of higher upfront margin, less favorable trade pricing, and the possible imposition of new or increased fees.

The SEC and CFTC may also require certain derivative transactions that are currently executed on a bilateral basis in the OTC markets to be executed through a regulated securities, futures, or swap exchange or execution facility. Such requirements may make it more difficult and costly for investment funds, including the Clients, to enter into tailored or customized transactions. They may also render certain strategies in which the Clients might otherwise engage impossible, or so costly that they will no longer be economically viable to implement.

OTC derivative dealers and major OTC derivatives market participants will be required to register with the SEC and/or CFTC. Although neither the Clients nor HPS are required to register as a dealer or major participant in the OTC derivatives markets, it is possible that going forward, the Clients and/or the HPS may be required to be registered as a dealer or major participant. Registered OTC derivatives dealers and major participants are subject to a number of regulatory requirements, including minimum capital and margin requirements. These requirements may apply irrespective of whether the OTC derivatives in question are OTC derivatives, exchange-traded or cleared. OTC derivatives dealers will also be subject to new business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest and other regulatory burdens. These requirements may further increase the overall costs for OTC derivative dealers, which costs are also likely to be passed along to market participants. The overall impact of the Dodd-Frank Act on the Clients is highly uncertain and it is unclear how the OTC derivatives markets will adapt to this new regulatory regime.

Although the Dodd-Frank Act will require many OTC derivative transactions previously entered into on a principal-to-principal basis to be submitted for clearing by a regulated clearinghouse, certain of the derivatives that may be traded by the Clients may remain OTC or principal-to-principal contracts entered into privately by the Clients and third parties. The risk of counterparty nonperformance can be significant in the case of these OTC instruments, and “bid-ask” spreads may be unusually wide in these heretofore substantially unregulated markets. While the Dodd-Frank Act is intended in part to reduce these risks, its success in this respect may not be evident for some time after the Dodd-Frank Act is fully implemented, a process that may take several years or more.

The European Market Infrastructure Regulation similarly seeks to comprehensively regulate the OTC derivatives market in Europe for the first time including, in particular, imposing mandatory central clearing, trade reporting and, for non-centrally cleared trades, risk management obligations on counterparties. Taken together, these regulatory developments will increase the OTC derivative dealers’ costs, and these increased costs are expected to be passed through to other market participants in the form of higher upfront and mark-to-market margin, less favorable trade pricing and possible new or increased fees.

OTC Derivatives. The trading of OTC derivatives subjects the Clients to a variety of risks including: (i) counterparty risk; (ii) basis risk; (iii) interest rate risk; (iv) settlement risk; (v) legal risk and (vi) operational risk. Counterparty risk is the risk that one of the Clients’ counterparties might default on its obligation to pay or perform generally on its obligations. Basis risk is the risk attributable to the movements in the spread between the derivative contract price and the future price of the underlying instrument. Interest rate risk is the general risk associated with movements in interest rates. Settlement risk is the risk that a settlement of a transaction does not take place as expected. Legal risk is the risk that a transaction proves unenforceable in law including, but not limited to, because it has been inadequately documented. Operational risk is the risk of unexpected losses arising from deficiencies in a firm’s management information, support and control systems and procedures. Swaps and other transactions in OTC derivatives may involve other risks as well, including the risk that there may be no exchange market on which to close out an open position. It may be impossible to transfer or otherwise liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

Credit Default Swaps. As part of their investment strategy, the Clients may enter into credit derivative transactions. Credit derivatives are transactions between two parties which are designed to isolate and transfer the credit risk associated with a Reference Entity. Credit derivative transactions in their most common form consist of credit default swap transactions under which one party (the “**credit protection buyer**”) agrees to make one or more fixed payments in exchange for the other party’s (the “**credit protection seller**”) obligation to assume the risk of loss if an agreed-upon “credit event” occurs with respect to the Reference Entity. Credit events are specified in the contract and are intended to identify the occurrence of a significant deterioration in the creditworthiness of the Reference Entity (mainly a default on a material portion of its outstanding obligations, a bankruptcy or a restructuring of its debt). Upon the occurrence of a credit event, credit default swaps may be cash settled (either directly or by way of an auction) or physically settled. If the transaction is cash settled, the amount payable by the credit protection seller following a credit event will usually be determined by reference to the difference between the nominal value of a specified obligation of the Reference Entity and its market value after the occurrence of the credit event (which sometimes may be established in an industry-wide auction process). If the transaction is physically settled, the credit protection buyer will deliver an obligation of the Reference Entity that is either specified in the contract or the general characteristics are described therein to the credit protection seller in return for the payment of its nominal value.

Credit derivatives may be used to create an exposure to the underlying asset or Reference Entity, to reduce existing exposure or to create a profit through trading differences in their buying and selling prices. The Clients may enter into credit derivatives transactions as protection buyer or seller.

Credit derivative transactions are an established feature of the financial markets and both the number of participants and range of products available have significantly increased over the years. Credit derivative transactions dependent upon credit events are priced incorporating many variables including the pricing and volatility of the common stock of the Reference Entity, potential loss upon default by the Reference Entity on any of its obligations, and the shape of the U.S. Treasury Market curve, among other factors. As such, there are many factors upon which market participants may have divergent views. Additionally, credit derivatives may require the posting of collateral. A bankruptcy of the collateral holder may result in losses to the extent posted collateral exceeds the obligations of the pledging party under the credit derivative transaction.

Actions of Reference Entities (for example, merger or demerger or the repayment or transfer of indebtedness) may adversely affect the value of related credit default swaps. No Reference Entity has any obligation to consider the Clients' interest (as a party to a credit default swap) as to any corporate or sovereign actions that might affect the value of the credit default swap. A Reference Entity may have an incentive to structure a corporate transaction to produce a particular result under credit default swaps, in order to induce holders of its debt obligations to take certain actions. In some instances, a Reference Entity may repay its outstanding liabilities or assign them to a different entity, in which case a credit default swap with respect to that Reference Entity may no longer have deliverable obligations that could be considered for purposes of settlement of the credit default swap (a circumstance commonly referred to as an "orphan" credit transaction), which may result in losses for the protection buyer.

A protection seller under a credit default swap generally will not have rights equivalent to those of a holder of debt obligations of the relevant Reference Entity, such as voting rights or rights to receive consent fees or other distributions from the Reference Entity. Consequently, entering into a credit default swaps transaction as protection seller may be riskier than a direct investment in the obligations of a Reference Entity.

Sovereign Debt. Investments in sovereign debt involve special risks. Foreign governmental issuers of debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or pay interest when due. In the event of default, there may be limited or no legal recourse in that, generally, remedies for defaults must be pursued in the courts of the defaulting party. Political conditions, especially a sovereign entity's willingness to meet the terms of its debt obligations, are of considerable significance. The ability of a foreign sovereign issuer, especially an emerging market country, to make timely payments on its debt obligations will also be strongly influenced by the sovereign issuer's balance of payments, including export performance, its access to international credit facilities and investments, fluctuations of interest rates and the extent of its foreign reserves. The cost of servicing external debt will also generally be adversely affected by rising international interest rates, as many external debt obligations bear interest at rates which are adjusted based upon international interest rates. Also, there can be no assurance that the holders of commercial bank loans to the same sovereign entity may not contest payments to the holders of sovereign debt in the event of default under commercial bank loan agreements. In addition, there is no bankruptcy proceeding with respect to sovereign debt on which a sovereign has defaulted and the Clients may be unable to collect all or any part of its investment in a particular issue. Foreign investment in certain sovereign debt is restricted or controlled to varying degrees, including requiring governmental approval for the repatriation of income, capital or proceeds of sales by foreign investors. These restrictions or controls may at times limit or preclude foreign investment in certain sovereign debt and increase the costs and expenses of the Clients.

Distressed Assets. The Clients may provide financing to and purchase securities and other obligations, such as bank debt, trade claims and accounts receivables, of companies that are experiencing significant financial or business distress, including companies experiencing poor operating results, having substantial financial or capital needs or negative net worth (including start-up companies), facing special competitive

or product obsolescence problems, or that are involved in bankruptcy or other in-court or out-of-court reorganization and liquidation proceedings. Although such investments may result in significant returns, they involve a substantial degree of risk, they may not show any return for a considerable period of time and they may result in substantial, or at times even total, losses. Such risks include, but are not limited to, the following: (a) subordination to substantial amounts of senior indebtedness, all or a significant portion of which may be secured; (b) the possibility of substantial changes in rights and covenants which could result in less protection for the Clients with respect to securities purchased in bankruptcy proceedings; (c) the lack of regulation of the over-the-counter securities markets in which distressed securities are often traded; (d) difficulty in obtaining information as to the true condition of the issuers of such securities and obligations and (e) the lack of any established market-making, margin or other requirements which would help to ensure that a viable trading market exists for a particular security. Such investments also may be adversely affected by legislation and regulations in certain jurisdictions relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and a bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spreads between the bid and asked prices of such securities may be greater than those prevailing with respect to other securities. It may take a number of years for the market prices of such securities to reflect their intrinsic value. It is anticipated that some such securities in the portfolio of the Clients may not be widely traded, and that the Clients' position in such securities may be substantial in relation to the market for such securities. These types of securities require active monitoring and may, at times, require participation by HPS in bankruptcy or reorganization proceedings. To the extent that HPS becomes involved in such proceedings, the Clients may have a more active participation in the affairs of the issuer than that assumed generally by an investor. In addition, the Clients' participation in such proceedings may restrict or limit the Clients' ability to trade securities of the subject company. Additionally, any such securities and investments ordinarily remain unpaid unless and until the company reorganizes and/or emerges from bankruptcy proceedings and, as a result, may have to be held for an extended period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that HPS will correctly value the assets collateralizing the Clients' loans or correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action or that any bankruptcy trustee will meet or outperform the announced liquidation plan. In any reorganization or liquidation proceeding relating to a company in which the Clients will invest, the Clients may lose their entire investment, may be required to accept cash or securities with a value less than the Clients' original investment and/or may be required to accept payment over an extended period of time.

Risks Associated with Originating Loans to Companies in Distressed Situations. As part of its lending activities, a Client or its affiliates 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 such Client, they involve a substantial degree of risk. Issuers of lower-rated securities generally are more vulnerable to real or perceived economic changes, political changes or adverse industry developments. If an issuer's financial condition deteriorates, accurate financial and business information may be limited or unavailable. In addition, lower-rated investments may be thinly traded and there may be no established secondary or public market. 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 such Client will correctly evaluate the value of the assets collateralizing its loans or the prospects for a successful reorganization or similar action.

Risks Related to the General Investment Activity of an HPS Fund or Third Party Fund:

Use of Leverage. HPS utilizes leverage in implementing the various strategies on behalf of its Clients. Leverage may take a variety of forms, including loans made by banks with capital commitments or assets as security, by prime brokers for the purchase or sale of total return or credit default swaps, as a result of the low margin requirements of certain futures contracts and other derivative investments, and the use of inherently leveraged investments (such as credit default swaps). Clients may purchase or sell short securities without an offsetting position in a related security when it is determined that a particular security is undervalued or overvalued. Clients may engage in interest rate hedging using swaps, treasuries, interest rate futures or other derivative instruments. Additionally, Clients may employ single name and index credit derivatives in an attempt to hedge credit exposure.

Certain Clients expect to incur indebtedness for borrowed money that may include one or more credit facilities, which may be secured or unsecured, may be cross-collateralized and may include one or more credit facilities secured by a pledge of the applicable general partner's right to draw down capital commitments and/or the assets of the applicable Clients (each, a "**Credit Facility**" and collectively, "**Credit Facilities**"). In connection with any Credit Facility, investors may be required to confirm the terms of their capital commitments to the lender(s) in respect thereof and provide such information and execute such documents as such lender(s) or the general partners may reasonably require. The applicable general partners may require a potential investor to provide these confirmations, information or documents to a lender as a condition precedent of accepting such potential investor's capital commitment to a Client. The presence of a Credit Facility may further impede the ability of an investor to transfer its interest in a Client. In addition, the term of certain Clients' borrowings is expected to extend beyond the termination or expiration of their commitment periods and each such Client may borrow under a Credit Facility during the suspension of, or after the termination or expiration of, its commitment period for purposes set forth in such Client's Governing Documents.

There can be no assurance that a Client will be able to obtain or maintain the desired amounts of indebtedness or that indebtedness will be accessible by Clients at any particular time. Leverage terms will differ by Client and leverage provider, resulting in different (and potentially materially different) investment outcome of Clients pursuing the same or similar investments or investment strategy. If indebtedness is available to Clients, there can be no assurance that such indebtedness will be on terms favorable to such Clients and/or terms comparable to terms obtained by competitors, including with respect to interest rates. The terms of any indebtedness are expected to vary based on multiple factors, including with respect to the counterparty, timing, size and market interest rates, other fees and costs, duration, advance rates, eligible investments, ability to borrow in currencies other than the U.S. dollar and investor creditworthiness and composition. Moreover, market conditions or other factors may cause or permit the amount of leverage employed by Clients to fluctuate over their lives. Furthermore, Clients may seek to obtain indebtedness on an investment-by-investment basis. It is expected that one or more Client will directly or indirectly incur indebtedness for borrowed money collateralized by such Clients' assets and/or capital commitments. The amount of leverage a particular Client can incur is subject to agreement with the relevant investors or their designees. The failure by a Client to obtain indebtedness on favorable terms or at all could adversely affect the returns of such Client and impair its ability to achieve its investment objectives.

Certain Clients will seek to employ direct or indirect leverage in a variety of forms, including through borrowings, derivatives, and other financial instruments as part of their investment program, which leverage is expected to be secured by the Client's aggregate capital commitments and/or by other assets of the Clients. The greater the total leverage of a Client relative to its aggregate capital commitments, the greater the risk of loss and possibility of gain due to market fluctuations in the values of its investments. The extent to which a Client uses leverage may have other significant consequences to investors, which are discussed in greater detail in the relevant Client Governing Documents. There can also be no assurance that a Client will have sufficient cash flow or be able to liquidate sufficient assets to meet its debt service obligations.

As a result, a Client's exposure to losses, including a potential loss of principal, as a result of which investors could potentially lose all or a portion of their investment in a Client, may be increased due to the use of leverage and the illiquidity of the investments generally. Similar risks and consequences apply with respect to indebtedness related to a particular asset or portfolio of assets as also discussed elsewhere in response to this Item 8.

If a limited partner defaults on its obligations to fund a capital call to a Client or potentially its obligation to fund a capital call to another private investment fund, such Client may no longer be able to borrow against such limited partner's available capital commitment and a lender could require an immediate repayment of any outstanding Client borrowings. In this situation, a Client may be required to dispose of investments earlier than expected, which may be at a loss, in order to repay the credit facility. Where a lender enforces its remedies and calls capital directly from the limited partners to cause such Client to satisfy its obligations to such lender, there is no requirement that the lender exercise such remedy pro rata among limited partners, thereby potentially causing an uneven outcome among the limited partners. Similarly, in order to comply with applicable law, rule or regulation, the applicable general partner may elect not to pledge or assign to a lender the general partner's right to call capital from one or more partners (or may otherwise exclude a partner from a Credit Facility). In such circumstances, one or more (but not all) partners may not be required to provide credit support in respect of the Credit Facility, including the obligation to repay amounts called by a lender if there is a Credit Facility default. In these situations, all the partners would benefit from borrowings incurred under a Credit Facility, but not all partners would provide equal credit support for the Credit Facility or be subject to the obligation to make payments to the lender or other remedies under such Credit Facility. In addition, even where a limited partner is excused from participating in an investment, such limited partner may be required to contribute capital in order to repay borrowings. Furthermore, to the extent that such Client enters into multiple financing arrangements, such arrangements may contain cross-default provisions that could magnify the effect of a default. If a cross-default provision were exercised, this could result in a substantial loss for the Client.

Potential Inability to Obtain Leverage. Certain Clients will seek to regularly employ a significant amount of direct or indirect leverage in a variety of forms through borrowings, derivatives and other financial instruments as part of its investment program. However, there can be no assurance that a Client will be able to obtain indebtedness at all or to the desired degree or that indebtedness will be accessible by such Client at any time or in connection with any particular investment. If indebtedness is available to a Client, there can be no assurance that such indebtedness will be available in the desired amount or on terms favorable to such Client and/or terms comparable to terms obtained by competitors, including with respect to duration, size and interest rates. The terms of any indebtedness are expected to vary based on multiple factors, including the counterparty, timing, size, market interest rates, other fees and costs, duration, advance rates, eligible investments, ability to borrow in currencies other than the U.S. dollar and investor creditworthiness and composition. Moreover, market conditions or other factors may cause or permit the amount of leverage employed by a Client to fluctuate over such Client's life. Furthermore, a Client may seek to obtain indebtedness on an investment-by-investment basis, and leverage may not be available or may be available on less desirable terms in connection with particular investments. The instruments and borrowing utilized by a Client to leverage its investments may be collateralized by other assets of such Client.

It is expected that, subject to certain limitations as described in each Client's Governing Documents, certain Clients will directly or indirectly incur indebtedness collateralized by each such Client's assets or capital commitments. If a Client is unable to obtain and maintain the desired amount of borrowings on favorable terms, HPS may terminate such Client earlier than anticipated and may seek to realize such Client's investments earlier than originally expected.

Effect of Changes in Interest Rates on Investments. General interest rate fluctuations may have a substantial negative impact on the Clients' investments and, accordingly, may have a material adverse effect

on the Clients' ability to achieve their investment objectives. Some of the Clients, especially in our liquid credit strategies, invest in credit instruments with fixed interest rates. These investments decline in value when long-term interest rates increase, and such declines are more significant when coupled with longer maturities. Declines in market value may ultimately reduce earnings or result in losses to the Clients, which would negatively affect their performance.

In the private credit space, rising interest rates make it less likely that a portfolio company, borrower or other obligor will refinance a loan or applicable instrument, extending the duration of the Clients' investments and reducing returns to the Clients. Under certain circumstances, it may be more beneficial to a Client to exit an investment and recycle the proceeds into more attractive investments or to exit an investment as a result of a negative business outlook for the portfolio company, borrower or obligor, however such an exit will be less likely in a high interest rate environment. In addition, many of the Clients' portfolio companies are highly leveraged and the increasing debt servicing costs caused by rising rates may cause financial difficulties for them, negatively affecting the Clients' investments and increasing the risk of impairment. HPS may cause the Clients to enter into certain hedging transactions from time to time to mitigate exposure to changes in interest rates, which may result in increased expenses. In addition, HPS may cause the Clients to increase their floating rate investments to position their portfolio for rate increases. However, there can be no assurance that such transactions will be successful in mitigating the Clients' exposure to interest rate risks or that floating rate investments will be available at all, or on favorable terms.

Inflation Risk. Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets, particularly in emerging economies, but also in more developed economies, including in the U.S. and Europe which are currently experiencing inflation in certain markets. For example, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments. 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 Clients' returns.

If a portfolio company is unable to increase its revenue in times of higher inflation, its profitability might be adversely affected. Portfolio companies could in some cases have long-term rights to income which are linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangements. Typically, as inflation rises, a portfolio company will earn more revenue but also will incur higher expenses; as inflation declines, a portfolio company might be unable to reduce expenses in line with any resulting reduction in revenue. A rise in real interest rates would likely result in higher financing costs for portfolio companies. All of these factors may cause financial distress to portfolio companies and increase the probability that such portfolio companies will default on their obligations to the Clients.

Cross-Collateralization. The instruments and borrowings utilized by a Client to leverage its investments may be collateralized by other assets of such Client and may be cross-collateralized with the assets of any other Client and/or the assets of certain other Clients. As a result, a Client be jointly and severally liable for the full amount of the obligations arising out of such instruments and borrowings, including those obligations attributable to other Clients. Further, where the borrowings are collateralized by multiple investments, a Client may cause proceeds from one investment to be used to satisfy obligations with respect to another investment, which may result in lower returns than would otherwise have been the case if the instruments and borrowings were not collateralized by multiple investments. Such risks may be amplified where such instruments and borrowings are cross-collateralized with other Clients.

Effect of Credit Facilities on Returns. Calculations of performance data provided in connection with a Client are based in part on the payment date of capital contributions received from investors. However, in many cases, a Client will make investments using borrowings, later drawing down capital contributions to

repay such borrowings (and related interest and other expenses). As a result, use of a credit facility and other borrowings will impact the calculation of fund-level returns and may result in higher reported returns than if borrowings had not been used. Conversely, expenses associated with borrowings are borne by the Client in the manner described herein and such expenses reduce returns and magnify investment losses. Furthermore, with respect to certain Clients, where the interest payable on a credit facility is generally at a lower rate than the preferred return, HPS would be incentivized to fund the acquisition of investments and ongoing capital needs with a credit facility in lieu of drawing down capital commitments in order to reduce the amount of preferred return that accrues and thereby accelerate or increase distributions of performance-based allocations to HPS. Terms of Credit Facilities will differ by Client and provider, resulting in different (and potentially materially different) investment outcome of Clients pursuing the same or similar investments or investment strategy.

In addition, including as a result of different leverage profiles and resulting target return profiles, limited partners in certain Clients are subject to higher management fee rates and receive a higher preferred return rate than investors in other Clients that employ a substantially similar investment strategy. This may influence HPS' allocation of investment opportunities between the Clients. For example, if an investment opportunity is suitable for such Clients, HPS may have an incentive to allocate a larger portion of such investment opportunity to the Client that uses leverage than to a Client that does not use leverage in order to take advantage of the higher management fee rates of such Client that employs leverage. Conversely, if HPS anticipates that an investment opportunity will generate performance-based compensation (such as carried interest), HPS may have an incentive to allocate a larger portion of such investment opportunity to the Client that does not use than to the Client that does in order to take advantage of the lower preferred return rates so that HPS receives performance-based compensation (such as carried interest) more quickly.

Availability of Asset-Level Leverage. Certain Clients utilize asset-level leverage in acquiring investments on a deal-by-deal basis. However, there can be no assurance that the Client will be able to obtain indebtedness with respect to any particular investment. If indebtedness is available in connection with a particular investment, there can be no assurance that such indebtedness will be on terms favorable to the Client and/or terms comparable to terms obtained by competitors, including with respect to costs, duration, size, advance rates and interest rates. Moreover, market conditions or other factors may cause or permit the amount of leverage employed by the Client to fluctuate over its life. For example, if leverage is obtained later in a Client's life, the Client may immediately deploy such leverage in order to achieve the desired borrowing ratio, which may involve making distributions of borrowed funds. If the Client is unable to, or not expected to be able to, obtain indebtedness in connection with a particular investment, the Client may determine not to make the investment or may invest a different proportion of its available capital in such investment. This may affect the ability of the Client to make investments, could adversely affect the returns of the Client and may impair its ability to achieve its investment objectives. In addition, the lender may impose certain diversification or other requirements in connection with asset-level leverage, and these restrictions are expected to impact the ability of the Client to participate in certain investments and/or the amount of the Client's participation in certain investments.

Seller Financing. Certain Clients may utilize seller financing (*i.e.*, make investments that are financed, in whole or in part, by the fund borrowing from the sellers of said investments or their affiliates) and other one-off financing solutions on a case-by-case basis. Providers of seller financing may be motivated to sell a particular asset and may be willing to provide a prospective purchaser of such asset with more favorable pricing and/or greater amounts of leverage than would otherwise be the case if such purchaser sought financing from unrelated, third-party providers of leverage. To the extent that the Client is able to obtain seller financing in connection with a particular investment, the Client may seek to employ more leverage than would otherwise be the case in the absence of such seller financing. While the Client's use of seller financing could increase the potential return to investors to the extent that there are gains associated with such investment, such use of seller financing will increase risks associated with the use of leverage

generally, including the risks associated with such investment and the exposure of such investment to adverse economic factors such as deteriorations in overall conditions in the economy or in the condition of the particular issuer.

Fund Rating. Certain Clients may apply to a credit rating agency to rate the Client and/or its assets in order to provide a Client access to different sources of indebtedness or capital as well as to help meet such Client's risk/return objectives, its overall target indebtedness ratio or other considerations as determined by HPS. In connection with such rating, the credit rating agency may review and analyze a Client's counterparties, HPS, the administrator, the investments and expected investments of the fund, the legal structure of the fund, the historical and current fund investors and fund performance data. There can be no assurance that a Client will apply for such a rating, that a credit rating agency will provide a rating or that such a rating will be beneficial to such Client. In addition, when making investment decisions for a Client (including establishing a Client's investment portfolio), HPS may consider the implications of the investment portfolio on a credit rating agency's rating of such Client and tailor the Client's investment portfolio taking into account such considerations. There is a risk that a rating agency could incorrectly rate, or downgrade ratings which could have a material effect on a Client, including its assets and its ability to acquire indebtedness.

Investments Following Termination of the Commitment Period. Following the termination of the commitment period of the Client, the Client may require investors to make capital contributions in respect of investments in those circumstances described the Client's Governing Documents. The amount of capital needed after the termination of the commitment period for such investments will depend upon the objectives of the Client and the particular portfolio companies or underlying assets in which the Client invests. There can be no assurance that the Client will make investments after the end of the commitment period or that it will have sufficient funds or the ability to do so, even where failure to make such an investment would result in dilution of the Client's existing investment or the loss of capital already contributed to such investment.

Broad Investment Mandate. Certain Clients may have an investment strategy that is opportunistic in nature and covers a broad range of asset classes, geographic regions and industries. An investor in such a Client must rely upon the ability of HPS and the relevant investment team to identify, structure, and implement investments consistent with the applicable Client's overall investment objectives and policies at such times as they determine. Except as set forth in relevant Governing Documents, there are no material limitations on the instruments, markets or countries in which the applicable Client may invest or the specific investment strategies that may be employed on behalf of the applicable Client. Subject to the foregoing, the Client may make investments throughout the capital structure such as senior secured debt, bank debt, unsecured debt, subordinated debt, mezzanine securities, convertible bonds, preferred equity and common stock. It is expected that, in light of the Client's investment objective, the Client may often make equity, credit and/or debt investments that may not involve control or influence over the underlying entity in which the Client invests. Additionally, the Client will be permitted to invest (and may actually invest) in any number of companies operating in a wide range of industries, geographies or activities, and as a result, the Client will be exposed to a wide range of risks.

Lack of Diversification. Clients may, in certain circumstances, make a limited number of investments. Although Clients are generally subject to certain concentration and other restrictions, these limits may be waived by the relevant investors or their designees as provided in the relevant Governing Documents and under applicable law. A consequence of the fact that the Clients may make a limited number of investments is that the aggregate returns realized by the investors may be substantially adversely affected by the unfavorable performance of a small number of these investments. Furthermore, certain Clients do not have fixed guidelines for diversification by industry, and investments may be concentrated in only a few industries.

Investments in Restructurings and Other Investments that Could Become Distressed. Clients may make investments in restructurings and other investments that involve portfolio companies that are experiencing or are expected to experience severe financial difficulties due to factors outside the control of HPS and may never be overcome. If an issuer's financial condition deteriorates, accurate financial and business information may be limited or unavailable. Such investments could, in certain circumstances, subject Clients to certain additional potential liabilities, which may exceed the value of the Clients' original investments therein. There is no assurance that there will be a successful restructuring, reorganization or similar action of the company or investment which becomes stressed. In addition, lower-rated investments may be thinly traded and there may be no established secondary or public market. The level of analytical sophistication, both financial and legal, necessary for successful investments in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Clients will correctly evaluate the value of the assets collateralizing the Clients' investment or the prospects for a successful reorganization or similar action. In any restructuring, reorganization or liquidation proceeding relating to a company in which the Clients invest, the Clients may lose their entire investment, may be required to accept cash or securities with a value less than such Clients' original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Clients' investments may not compensate the investors adequately for the risks assumed. For example, under certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under circumstances involving a portfolio company's insolvency and proceedings related thereto, payments to the Clients and distributions by the Clients to the investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. Investments in restructurings involving non-U.S. portfolio companies may be subject to various laws enacted in the countries of their issuance for the protection of creditors. These considerations will differ depending on the country in which each portfolio company is located or domiciled.

Troubled company and other asset-based investments require active monitoring and may, at times, require participation in business strategy or reorganization proceedings by HPS. To the extent that HPS becomes involved in such proceedings, the Clients may have to participate more actively in the affairs of the company than that assumed generally by an investor. In addition, involvement by HPS in an issuer's reorganization proceedings could result in the imposition of restrictions limiting the Clients' ability to liquidate their position in the issuer.

Investments in Special Situations. Certain Clients' investments may involve investments in 'event-driven' special situations such as recapitalizations, spinoffs, corporate and financial restructurings, litigation or other liability impairments, turnarounds, management changes, consolidating industries and other catalyst-oriented situations. HPS believes these types of investments often have limited downside risk relative to their current valuations. HPS could, however, be incorrect in its assessment of the downside risk associated with an investment, thus resulting in significant losses to the Clients. Investments in such securities are often difficult to analyze, have limited trading histories and have limited in-depth research coverage. Although the Clients intend to utilize appropriate risk management strategies, such strategies cannot fully insulate the Clients from the risks inherent in their planned activities. Moreover, in certain situations the Clients may be unable to, or may choose not to, implement risk management strategies because of the costs involved or other relevant circumstances.

Exposure to Certain Financial Institutions. Certain Clients invest in debt 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 act as counterparties to certain Clients in connection with such Client's investment activities and provide prime brokerage services to such Clients.

Certain Client 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 U.S. 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. While financial institutions seek to manage these and other risks through risk management policies and procedures, there can be no assurance that such financial institution's risk management practices will be effective.

Ratings of Instruments May Not Accurately Reflect Risks. Rating agencies rate debt instruments based upon their assessment of the likelihood of the receipt of principal and interest payments. Rating agencies do not consider the risks of fluctuations in market value or other factors that may influence the value of debt instruments. Therefore, the credit rating assigned to a particular instrument may not fully reflect the true risks of an investment in such instrument. Credit rating agencies may change their methods of evaluating credit risk and determining ratings. These changes may occur quickly and often. While HPS may give some consideration to ratings, ratings often are not fully indicative of the actual credit risk of the investments in rated instruments.

Assignments and Participations. Clients may acquire investments directly, by way of assignment or indirectly by way of participation. The purchaser of an assignment of a loan obligation typically succeeds to all the rights and obligation of the selling institution and becomes a lender under the loan or credit agreement with respect to the loan obligation. In contrast, participation acquired in a portion of a loan obligation held by a selling institution typically result in a contractual relationship only with such selling institution not with the obligor. Therefore, holders of indirect participation interests are subject to additional risks not applicable to a holder of a direct assignment interest in a debt investment. In purchasing a participation, Clients generally would have no right to enforce compliance by the obligor with the terms of the investment or note purchase agreement or other instrument evidencing such obligation, nor any rights of set-off against the obligor, and Clients may not directly benefit from the collateral supporting the obligation in which it has purchased the participation. As a result, Clients would assume the credit risk of both the obligor and the selling institution, which would remain the legal owner of record of the applicable investment. In the event of the insolvency of the selling institution, Clients may be treated as a general creditor of the selling institution in respect of the participation, may not benefit from any set-off exercised by the selling institution against the obligor and may be subject to any set-off exercised by the obligor against the selling institution. Assignments and participations are typically sold strictly without recourse to the selling institution, and the selling institution will generally make no representations or warranties about the underlying note, the portfolio companies, the terms of the investment or any collateral securing the investment. Certain investments have restrictions on assignments and participations which would adversely impact Clients' ability to exit from all or part of its investment. In addition, if a participation interest is purchased from a selling institution that does not itself retain any portion of the applicable loan, such selling institution may have limited interests in monitoring the terms of the loan agreement and the continuing creditworthiness of the borrower.

Illiquidity of the HPS Funds' or Third Party Funds' Assets; Distributions In Kind; Use of Proceeds.

Clients will generally invest in private illiquid securities, which are typically subject to significant restrictions on transfer and are difficult to sell in a secondary market. In some cases, Clients may be prohibited from selling such securities for a period of time or otherwise be restricted from disposing of such securities. The market prices, if any, for such assets tend to be volatile, and may fluctuate due to a variety of factors that are inherently difficult to predict. Furthermore, the types of investments made may require a substantial length of time to liquidate due to the lack of an established market for such securities or other factors. Factors such as overall economic conditions and the competitive environment may shorten or lengthen Clients' intended holding period for any investment or group of investments. As a result, there is a significant risk that Clients may be unable to realize their investment objectives by sale or other disposition at attractive prices or will otherwise be unable to complete any exit strategy. Accordingly, the HPS is unable to predict with confidence what, if any, exit strategies will ultimately be available for any given asset. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal or other reasons, and Clients may not be able to sell assets when Clients desire to do so or to realize what HPS perceives to be the fair value of their assets in the event of a sale. The sale of illiquid assets and restricted securities often requires more time and may result in greater expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Further, although HPS may at the time of making investments expect a certain portion of such investments to be refinanced or repaid before maturity, depending on economic conditions, interest rates and other variables, borrowers may not finance or repay loans early. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. In addition, in times of extreme market disruption, there may be no market at all for one or more asset classes, potentially resulting in the inability of a Clients to dispose of its assets for an indefinite period of time. Even if investments are successful, they are unlikely to produce a realized return to investors for a period of years. Furthermore, a portion of interest on investments may be paid in-kind rather than in cash to Clients and, in certain circumstances, Clients may exit investments through distributions in kind to the investors, after which the investors will bear the risk of holding the securities and must make their own disposition decisions. While Clients generally intend to make distributions of net proceeds, including current proceeds, in accordance with the applicable Governing Documents, the amount and timing of distributions from a Client to the investors will be at the discretion of the applicable general partner or investment manager who may also direct that amounts available for distribution be retained in a Client: (i) to be used to satisfy, or establish reserves for, such Client's current or anticipated obligations or (ii) for reinvestment, as applicable and as described in the relevant Client's Governing Documents. Accordingly, there can be no assurance as to the timing and amount of distributions from the Clients. The applicable general partner or investment manager will have discretion to determine whether cash received by a Client is distributable, and to retain cash that might otherwise be distributable to investors within such Client. All amounts that are retained to make investments will be deemed to have been distributed and recontributed and, thus will be taken into account for purposes of calculating the preferred return and the carried interest or incentive fee, as applicable. Furthermore, Investors should not expect to receive a return of their invested capital for an indefinite period of time.

Potential Early Redemption of Some Investments. The terms of investments in which Clients invest may be subject to early redemption features, refinancing options, prepayment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by Clients earlier than expected, either with or without a prepayment premium. This may happen when there is a decline in interest rates, or when the issuer's improved credit or operating or financial performance allows the refinancing of certain classes of securities with lower cost securities. Assuming an improvement in the credit market conditions, early repayments of the obligations held by Clients could increase. There is no assurance that Clients will be able to reinvest proceeds received from prepayments in assets that satisfy its investment objectives, and any delay in reinvesting such proceeds may materially affect the performance of Clients. Conversely, if the prepayment does not occur within the Clients' term or if the investment does

not otherwise become liquid, the term of the Clients may be longer than expected or the Clients may make distributions in kind.

Licensing Requirements. Certain federal and local banking and regulatory bodies or agencies in or outside the United States may require Clients, the relevant general partners, HPS or its affiliates, and/or certain employees of HPS to obtain licenses or authorizations to engage in many types of investment activities including the types of investment activities contemplated by Clients. It may take a significant amount of time and expense to obtain such licenses or authorizations and Clients may be required to bear the cost of obtaining such licenses and authorizations. There can be no assurance that any such licenses or authorizations would be granted or, if granted, whether any such licenses or authorizations would impose restrictions on Clients. Such licenses or authorization may require the disclosure of confidential information about Clients, investors or their respective affiliates, including financial information and/or information regarding officers and directors of certain significant investors. Clients may not be willing or able to comply with these requirements. Alternatively, HPS is incentivized to structure certain potential investments in a manner that would not require such licenses and authorizations, although such transactions may be inefficient or otherwise disadvantageous for Clients and/or any relevant portfolio company, including because of the risk that licensing authorities would not accept such structuring alternatives in lieu of obtaining a license or authorization. The inability of Clients, the relevant general partners or HPS or its affiliates to obtain necessary licenses or authorizations, the structuring of an investment in an inefficient or otherwise disadvantageous manner, or changes in licensing regulations, could adversely affect the Clients' ability to implement their investment program and achieve their intended results.

Investments in Certain Countries. Subject to the investment limitations set forth in the relevant Governing Documents, Clients are expected to make investments in a number of different countries, some of which may prove unstable. Depending on the country in which a portfolio company is located, such investments may involve a number of risks, including the risk of adverse political developments such as nationalization, confiscation without fair compensation or war, and the risk of regulations which might prevent the implementation of cost cutting or other operational improvements.

Because Clients are expected to make investments in a number of different countries and a portion of Clients' assets are expected to be invested in investments denominated in currencies other than the U.S. dollar or the price of which is determined with references to such currencies, any fluctuation in exchange rates will affect the value of investments. Clients generally expect to employ hedging techniques designed to reduce the risk of adverse movements in currency exchange rates. Furthermore, certain Clients will incur costs in connection with conversions between various currencies.

Investments in corporations or assets in certain countries may require significant government approvals under corporate, securities, exchange control, foreign investment and other similar laws. In addition, such investments may give rise to taxes in local jurisdictions, for which an investor may not be entitled to any corresponding credit or tax benefit to an investor. Such investments may also give rise to tax filing obligations for investors in these jurisdictions, although the relevant general partners or HPS or its affiliates may structure such investments so as to prevent such obligations from being imposed on investors. Also, some governments from time to time may impose restrictions intended to prevent capital flight, which may, for example, involve punitive taxation (including high withholding taxes) on certain securities or asset transfers or the imposition of exchange controls making it difficult or impossible to exchange or repatriate the local currency. In addition, the laws of various countries governing business organizations, bankruptcy and insolvency may make legal action difficult and provide little, if any, legal protection for investors.

The availability of information within developing countries and emerging market jurisdictions, including information concerning their economies and the securities of companies in such countries, and the amount of government supervision and regulation of private companies in developing countries, generally is more

limited than is the case in more developed countries. In addition, governments in certain countries participate to a significant degree in their economies through ownership interests and/or regulation. With respect to certain countries, there may also be the possibility of expropriation, confiscatory taxation or other protectionist measures or diplomatic developments that could affect investments in those countries. Repatriation of investment income, capital and the proceeds of sale by non-U.S. investors may require governmental registration and approval in some emerging or developing market countries. The accounting, auditing and financial reporting standards and practices of certain countries may not be equivalent to those employed in more developed countries and may differ in fundamental respects. Accordingly, Clients' ability to conduct due diligence in connection with their investment and to monitor the investments may be adversely affected by these factors. Clients may not be in a position to take legal or management control of their investments in certain countries. They may have limited legal recourse in the event of a dispute, and remedies might have to be pursued in the courts of the country in question where it may be difficult to obtain and enforce a judgment.

Use of Alternative Investment Vehicles. In certain situations as described in the relevant Governing Documents, the applicable general partner or investment manager may create one or more alternative investment vehicles ("AIVs") through which investors may be required to invest instead of through Clients. The terms of any AIV may vary from the terms of the Clients based in part on the structure of the relevant transactions, legal requirements and tax, regulatory or other considerations, including the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), as reasonably determined by the applicable general partner or investment manager. The economics of an AIV will generally be aggregated with those of the applicable Client for purposes of calculating the performance-based compensation and clawback amount unless the applicable general partner or investment manager determines otherwise because such aggregation would be reasonably likely to increase the risk of any adverse tax or other consequences. The use of AIVs is permitted, but not required, and there can be no assurance that AIVs will be utilized. Further, if AIVs are utilized in connection with particular investments, the tax treatment of those AIVs, and the tax consequences to investors of investing in those AIVs, may or may not vary from the tax treatment of Clients and investors described herein.

Subsidiary Investment Vehicles. Certain Clients expect to make one or more investments through private limited companies and other entities incorporated in certain foreign jurisdictions. Certain of the subsidiary entities through which Clients invest may be structured so that Clients hold profit participating notes or other debt interests instead of equity interests. This structure may involve certain risks, including the potential subordination of the interests held by Clients, limited protection in the event of insolvency and limited recourse beyond the assets of the subsidiary entity.

Hedging Policies and Risks. Clients generally expect to employ hedging or other risk management techniques designed to reduce the risk of adverse interest rate or currency movements, credit market and certain other risks. There can be no assurance that any hedging transactions will be successful or comprehensive. For example, Clients may not be able to or may elect not to hedge interest payments in foreign currencies. The variable degree of correlation between price movements of hedging instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater, or gains smaller, than losses or gains, as the case may be, in the value of the underlying position. While Clients may benefit from the use of hedging mechanisms, unanticipated changes in interest rates, currency exchange rates, securities prices, or credit market movements may result in a poorer overall performance for Clients than if they had not entered into such hedging transactions. Additionally, hedging transactions will add to the cost of an investment, may require ongoing cash payments to counterparties, may subject Clients to the risk that the counterparty defaults on its obligations, and may produce different economic or tax consequences to the investors than would apply if Clients had not entered into such hedging transactions.

Certain Guarantees. Certain Clients may invest in debt that is guaranteed by a subsidiary of the issuer. In some circumstances, guarantees of secured debt issued by subsidiaries of a portfolio company and held by Clients may be subject to fraudulent conveyance or similar avoidance claims made by other creditors of such subsidiaries under applicable insolvency laws. As a result, such creditors may take priority over the claims of Clients under such guarantees. Under federal or state fraudulent transfer law, a court may void or otherwise decline to enforce such debt and Clients would no longer have any claim against such portfolio company or the applicable guarantor. In addition, the court might direct Clients to disgorge any amounts already received from the portfolio company or a guarantor. In some cases, significant subsidiaries of portfolio companies may not guarantee the obligations of the portfolio company; in other cases, a portfolio company may have the ability to release subsidiaries as guarantors of the portfolio company's obligations. The repayment of such investments may depend on cash flow from subsidiaries of a portfolio company that are not themselves guarantors of the portfolio company's obligations.

Non-Recourse Obligations. Clients may invest in non-recourse obligations of issuers. Such obligations are payable solely from proceeds collected in respect of collateral pledged by an issuer to secure such obligations. None of the owners, officers, directors or incorporators of the issuers, trustees, any of their respective affiliates or any other person or entity will be obligated to make payments on the obligations. Consequently, Clients, as holders of the obligations, must rely solely on distributions of proceeds of collateral debt obligations and other collateral pledged to secure obligations for payments due in respect of principal thereof and interest thereon. If distributions of such proceeds are insufficient to make payments on the obligations, no other assets will be available for such payments and following liquidation of all the collateral, the obligations of the issuers to make such payments will be extinguished.

Short Selling. The investment program of certain Clients is expected to include short selling. Short selling involves selling securities which may or may not be owned by the seller and borrowing the same securities for delivery to the purchaser, with an obligation to return the borrowed securities to the lender at a later date. Short selling allows the seller to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities and may be an important aspect of certain of the investment strategies of a Client. The extent to which a Client engages in short sales will depend upon its perception of market direction. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Client of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase at the time the Client desires to close out such short position. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. In addition, limitations on the short selling of securities could interfere with the ability of the Client to execute certain aspects of its investment strategies, including its ability to hedge certain exposures and execute transactions to implement its risk management guidelines, and any such limitations may adversely affect the performance of the Client.

In response to market events, the SEC and foreign regulators have imposed, and may continue to impose, restrictions on and reporting obligations with respect to short selling. Uncertainty surrounding the confidential nature of the required disclosures of the Client's short sales could discourage short selling by the Client in circumstances where the manager believes that the public disclosure of such short sales may be adverse to its interests. In addition, limitations on the short selling of securities could interfere with the ability of the Client to execute certain aspects of its investment program, including its ability to hedge certain exposures and execute transactions to implement its risk management guidelines, and any such limitations may adversely affect the performance of the Client.

Principal Transactions. The investment program of certain Clients may include trading in spot and forward contracts on foreign currencies and securities, and may include swaps, options, options on swaps and other derivatives, and other off-exchange transactions, with banks, broker/dealers or other

counterparties, as principals, in all cases subject to applicable law, including the Dodd-Frank Act. There is less protection against defaults in principal trading than in trades on exchanges since principal trades are not effected on or through an exchange or a clearing house. Swaps and other over-the-counter transactions are subject to the risk of non-performance by the counterparty, including risks relating to the financial and operational soundness and creditworthiness of the counterparty, and may be illiquid in the event of default by the counterparty or due to a lack of an active market in such instruments.

Off-Balance Sheet Risk. Certain Clients may invest in financial instruments with off-balance sheet risk. These instruments include forward contracts, swaps and securities and options contracts sold short. An off-balance sheet risk is associated with a financial instrument if such instrument exposes the Client to a loss in excess of the Client's recognized asset carrying value in such financial instrument, if any, or if the ultimate liability associated with the financial instrument has the potential to exceed the amount that the Client recognizes as a liability on the Client's statement of assets and liabilities.

Risks Relating to the Asia-Pacific Region. There are specific risks associated with investing in the Asia-Pacific region, including the risk of severe economic, political or military disruption in a number of countries. The Asia-Pacific region comprises countries in all stages of economic development. Some Asia-Pacific economies may experience overextension of credit, currency devaluations and restrictions, rising unemployment, high inflation, underdeveloped financial services sectors, heavy reliance on international trade and prolonged economic recessions. This could have a material adverse effect on the Clients.

Market Characteristics. The Clients may invest in a relatively limited number of issuers, some or many of which may operate in the same industry or economic sector.

Many less developed countries in the Asia-Pacific region may be considered emerging market countries, and investments in issuers based in and instruments related to emerging markets involve a greater degree of risk than investments in issuers based in and instruments related to more developed countries. Emerging markets are subject to significantly greater degrees of political and social instability than more developed countries. Among other things, emerging market investments carry the risks of less volume, lower liquidity levels, greater volatility, less publicly available information, less government supervision and regulation, less reporting requirements, less favorable tax provisions, slower clearance and settlement procedures, greater transaction costs and greater restrictions on foreign investment in local issuers and instruments. Emerging markets are generally not as efficient as those in more developed countries. Little or no market may exist for investments made in emerging markets. These risks could have a material adverse effect on the value of the Clients' investments in such markets.

With respect to a number of emerging market countries, there is the possibility of inflation, unstable or not freely convertible currency, corrupt business practices, nationalization, expropriation or confiscatory taxation, interest, capital gains or other income, limitations on the removal of funds or other assets of the Clients from the country, political changes, protectionist measures, social instability, diplomatic developments and military action (including war) that could have a material adverse effect on the economy of such country and/or the value of the Clients' investments in such country.

Governments of many emerging market countries in the Asia-Pacific region have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, the government owns or controls many companies, including some of the largest in the country. Accordingly, government actions in the future could have a significant effect on the economic conditions in emerging markets in the Asia-Pacific region, which could affect private sector companies and the Clients, as well as market conditions and the prices and yields on investments. As a result, the risk from investing in such countries, including the risk of nationalization and expropriation of assets, may be heightened.

Many companies traded on securities markets in certain countries in the Asia-Pacific region are smaller than companies whose securities are traded on securities markets in developed countries. Investments in smaller companies typically involve greater risk than is customarily associated with investing in larger companies. Smaller companies may have limited product lines, markets or financial or managerial resources and may be more susceptible to losses and risks of insolvency or bankruptcy. Additionally, market making and arbitrage activities are generally less extensive in such markets, which may contribute to increased volatility and reduced liquidity of such markets as compared to developed securities markets. Accordingly, each of these markets may be subject to greater influence by adverse events generally affecting the market and by large investors trading significant blocks of securities, than is usual in developed countries.

In recent years, substantial rates of inflation have been reported in some less developed countries in the Asia-Pacific region. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and financial markets of certain economies in the Asia-Pacific region. In an attempt to stabilize inflation, certain less developed countries in the Asia-Pacific region have imposed wage and price controls at times. Past governmental efforts to curb inflation have also involved more drastic economic measures that have had a materially adverse effect on the level of economic activity in the countries where such measures were employed. There can be no assurance that inflation will not have a material adverse effect on the Clients' investments.

Economic and Political Risks. The political and economic environments in the Asia-Pacific region are significantly interconnected, so that a severe financial and economic downturn in one country may, among other things, result in significant corporate failures, volatility in the currency markets, or recession in markets in other countries in the region. The economies of certain countries in the Asia-Pacific region may be more dependent upon international trade and, accordingly, may be more susceptible to the adverse effects of trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. Certain governments in the Asia-Pacific region periodically impose investment controls designed to control currency volatility and to support certain export-oriented industries. There can be no assurance that the economies of certain countries in the Asia-Pacific region in which the Clients may invest will be immune to conditions similar to those prevailing during the Asian financial crisis, or that those conditions, should they recur, will not have a material adverse effect. Some countries in the Asia-Pacific region have experienced significant increases in the number and size of financially distressed companies caused by, among other factors, excessive capital investments, high levels of indebtedness and foreign currency exposure, weakening export prices, the practice of cross guarantees by companies within the same conglomerate and the increased willingness of certain countries to allow troubled companies and conglomerates to fail. As a result of corporate failures and high levels of short-term foreign currency borrowings from foreign financial institutions, financial institutions in certain countries in the Asia-Pacific region have experienced a general increase in non-performing loans and deterioration in their capital adequacy ratios. In addition, as a result of such economic difficulty, some of these countries have experienced incidents of political and labor disturbances and in some cases social unrest and violence, which in turn add to economic turmoil and may adversely affect the Clients' investments.

Military Action Risks. The development of Asia-Pacific economies, and particularly those of China, Japan and South Korea, may also be affected by political, military, economic and other factors related to North Korea. The situation in Korea remains a source of tension and currently remains volatile. Negotiations to ease tensions and resolve the political division of the Korean peninsula have been carried on from time to time producing sporadic and inconsistent results. Recently, there have also been efforts to increase economic, cultural and humanitarian contacts among North Korea, South Korea, Japan and other nations. There can be no assurance that such negotiations or efforts will continue or will ease tensions in the region.

Military action or the risk of military action or strains on the economy of North Korea could have a materially adverse effect on all countries in the region, particularly China, Japan and South Korea. Consequently, any military action or other instability could adversely impact the ability of the Clients to achieve their investment objective. Lack of available information regarding North Korea is also a significant risk factor.

Russian Invasion of Ukraine. Since 2014 there has been an ongoing military conflict involving Ukraine, Russia and certain non-governmental groups in Eastern Europe. In 2021, Russian President Vladimir Putin ordered the Russian military to begin amassing thousands of military personnel and equipment near its border with Ukraine and in Crimea, representing the largest mobilization of Russian troops since Russia annexed Crimea in 2014. In February 2022, Russia subsequently commenced a full-scale invasion of Ukraine with its pre-positioned forces. Various governments, including the governments of the United States, the United Kingdom and the European Union have issued broad-ranging economic sanctions against Russia, including: (i) a prohibition on doing business with certain Russian companies, large financial institutions, officials and oligarchs; (ii) a commitment by certain countries and the European Union to remove selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications, the electronic banking network that connects banks globally; and (iii) restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions.

The existing sanctions and the potential for future sanctions (and Russia's retaliatory responses to those sanctions, including the potential seizure of foreign owned assets in Russia or territories controlled by Russia) or an expansion of the military conflict (including the possible involvement of NATO countries and the potential use of weapons of mass destruction), have negatively affected Russian assets and may continue to adversely impact the Russian economy (including the further decline of the value and liquidity of Russian securities, a continued weakening of the ruble and exchange closures). In addition, global markets, including markets in which certain Clients are expected to invest, have been affected and may continue to be affected by the existing sanctions and may be affected by future sanctions (and Russia's retaliatory responses to those sanctions) or an expansion of the military conflict. The duration of ongoing hostilities, the substance and effects of future sanctions and/or an expansion of the military conflict present material uncertainty and material risk with respect to global markets and may adversely affect the Clients, their investments and their counterparties and target markets, all of which may have a material negative effect on the Clients' performance.

Geopolitical Risks. An unstable geopolitical climate and continued threats of war and terrorism could have a material adverse effect on general economic conditions, market conditions and market liquidity. Military actions around the globe; the threat or occurrence of terrorist attacks in the future; rising oil, energy and other commodity or material prices (including those resulting from the unavailability thereof); and military, economic and political responses to the foregoing events all can have material consequences on global economies. In addition, the direct and indirect effects of geopolitical conflicts, such as the Russia-Ukraine war, have adversely affected, and worsening conflicts, such as the current conflict in the Middle East, and/or future conflicts could materially adversely affect, global economic activity and transaction processing volumes. HPS is not able to predict the extent, severity or duration of the effect of any past or future events or quantify the impact that these events can have on Clients. A resulting negative impact on economic fundamentals and consumer confidence has the potential to negatively impact Clients. No assurance can be given as to the effect of these events on the value of or markets for the Clients business.

Financial Information and Reporting Standards. The accounting, auditing and financial reporting requirements in many countries in the Asia-Pacific region differ, in some cases significantly, from those applicable in the United States. In particular, the standards and reporting requirements in many countries in the Asia-Pacific region are generally less strict than U.S. generally accepted accounting principles ("GAAP"). For example, the assets and profits appearing on the financial statements of a company may

not reflect its financial position or results of operations in the way they would be reflected had the financial statements been prepared in accordance with GAAP. Accordingly, information available to the Clients, including both general economic and commercial information and information concerning specific enterprises or assets, may be relatively less reliable, detailed or accurate. In addition, for companies that keep accounting records in local currency, inflation accounting rules may require, for both tax and accounting purposes, that certain assets and liabilities be restated on the company's balance sheet in order to express items in terms of currency of constant purchasing power while others do not permit such restatement. Inflation accounting may indirectly generate losses or profits or disguise true losses or profits.

Legal Infrastructure. The degree of reliance that can be placed on the laws and legal standards of countries in the Asia-Pacific region may differ materially from that of the United States. While legislative reforms over the last decade have significantly enhanced protections afforded to foreign investment and generally improved the legal climate for business, there can be no assurance that this trend will not be slowed, curtailed or reversed, particularly in the event of a change of leadership, social disruption or other circumstances affecting the social, political or economic status of certain countries. Such a shift could have a material adverse effect on the business and prospects of the Clients. In addition, the administrative and judicial interpretation and implementation of laws and the resolution of commercial disputes may be subject to the exercise of considerable discretion by local decision-makers and influenced by external forces unrelated to the legal merits of the matter or dispute. The Clients may also have difficulty in successfully pursuing claims in the courts of such countries or enforcing in the courts of such countries a judgment obtained in another country. In general, certain less developed countries in the Asia-Pacific region lack fully developed legal systems and bodies of commercial law and practices normally found in countries with more developed market economies. Laws affecting foreign investment and business continue to evolve in the Asia-Pacific region. Laws and regulations, particularly those concerning foreign investment and taxation, can change quickly and unpredictably. These legal and regulatory risks may adversely affect the Clients and their operations and investments.

Some companies in the Asia-Pacific region may have less established shareholder governance and disclosure standards than in the United States. Certain companies are controlled by family and financial institutional investors whose investment decisions may be hard to predict. Consequently, investments may be vulnerable to unfavorable decisions by the management or shareholders. Corporate protectionism (*e.g.*, adoption of poison pills and restrictions on shareholders seeking to influence management) in the region appears to be increasing, which could adversely impact the value of affected companies. The resulting lack of transparency and predictability could adversely affect the Clients' performance.

Exchange Rate Fluctuations; Currency Considerations. A portion of the Clients' assets may be invested in securities and other instruments denominated in various currencies and in other financial instruments, the price of which is determined with references to such currencies. The Clients may expect to hedge their currency exposure, but they may not always be practicable or economical to do so. To the extent unhedged, the value of the Clients' positions in investments will fluctuate with the exchange rates of the currencies in which the Clients' investments are denominated, as well as the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of one of these currencies compared to the other currencies in which the Clients make investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the Clients' investments in their local markets and may result in a loss to the Clients. Conversely, a decrease in the value of one of the currencies in which the Clients make investments will have the opposite effect.

Furthermore, the Clients may incur costs in connection with conversions between various currencies. Currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Clients at one rate, while offering a lesser rate of exchange should the Clients desire immediately to resell that

currency to the dealer. The Clients will conduct their currency exchange transactions either on a spot (*i.e.*, cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell the currencies needed. It is anticipated that certain of the Client's currency exchange transactions will occur at the time securities are purchased and will be executed through the local broker or custodian acting for the Clients.

The Clients may seek to protect the value of some portion or all of their portfolio holdings against currency fluctuations by engaging in hedging transactions, but there can be no assurance that such hedging transactions will be effective. The Clients may enter into forward contracts on currencies, as well as purchase put or call options on currencies, in various markets. There can be no guarantee that instruments suitable for hedging currency or market shifts will be available at the time when the Clients wish to use them or will be able to be liquidated when the Clients wish to do so.

In addition, any currency hedging transactions entered into by the Clients may include a credit component, pursuant to which the Clients may be required to grant to their hedging counterparty a security interest in certain of the Clients' assets. Such security interest may include an undivided interest in all of the Clients' assets and may not be limited solely to the assets to which the hedge relates. Accordingly, in such a case, if any Client defaults with respect to a currency hedging transaction relating to certain assets, then the hedging counterparty could lay claim to an interest in all of the Clients' assets, including those not related to the hedging transaction.

Repatriation. Governmental authorities in some less developed countries in the Asia-Pacific region may restrict or limit the ability to freely convert between the U.S. dollar and the respective currencies of such countries, and the Client's repatriation of both capital contributions and income may be subject to certain governmental consents, waiting periods and other restrictions. Non-convertibility of certain currencies may introduce an additional degree of uncertainty to determining values of investments held by the Clients. If there is deterioration in a country's balance of payments or for other reasons, a country may impose temporary restrictions on foreign capital remittances abroad. In addition, governments in certain less-developed countries in the Asia-Pacific region may directly or indirectly control exchange rates or impose foreign exchange restrictions to address emergency situations such as sudden fluctuations in interest rates, and hedging exchange rates in local currencies may be impractical or expensive.

Foreign Investment Restrictions. Some countries in the Asia-Pacific region have laws and regulations that limit direct foreign investment and require government approval or registration prior to effecting any foreign investment in domestic securities. In some cases, such laws may preclude or restrict foreign investment in the securities of resident companies, limit the types of securities that foreigners may buy, or limit foreign investors to special investment structures. In some countries in the Asia-Pacific region, foreigners are precluded from investing in certain economic sectors. Furthermore, foreign ownership limitations also may be imposed by the individual companies. As a result of foreign investment restrictions, the Clients may not be able to recover investment proceeds or otherwise realize gains to which they are entitled. These restrictions could also have an adverse effect on the companies in which the Clients will invest.

Environmental Risks. The Clients may face environmental liability in connection with their investments in the Asia-Pacific region. When compared with the United States, the historical lack of environmental regulation in some countries in the Asia-Pacific region has led to widespread pollution of air, ground and water resources. The legislative framework for environmental liability is not fully established or implemented in many countries in the Asia-Pacific region. The extent of the responsibility, if any, for the costs of abating environmental hazards may be unclear when the Clients is considering an investment.

General Risks of Investments in Portfolio Purchases from European Banks and Distressed and Restructuring Corporate Credit. Certain Clients are subject to the risks inherent in investing in portfolio purchases from European banks. These risks include: liquidity risk as these investments are highly illiquid; general economic risk associated with the relevant geography, industry or asset class; fluctuations in valuations of a portfolio company's assets, operating businesses or real estate; limited financial resources of the portfolio company; and limited ability of the portfolio company or asset to obtain financing or extend its financing. Such risks also include fluctuations in cost of operating the asset or portfolio company, which could adversely affect the value of the assets as well as the ability for a management team to operate or manage the asset or portfolio company or control the costs associated with operating or managing the asset or portfolio company. There can be no assurance of profitable outcome for any portfolio purchases from European banks or the repayment of any debt investment made by the Clients.

European Market Risks, Generally. Certain Clients make investments (in some cases, to a significant extent) in Europe or in European markets. There is often a high degree of government regulation in European economies, including in the securities markets. Action by such governments will directly affect investment in securities in those countries and will also have a significant indirect effect on the market prices of securities and of the payment of dividends and interest. Changes in policy with regard to taxation, fiscal and monetary policies, repatriation of profits, and other economic regulations are possible, any of which could have an adverse effect on private investments. The European economies could differ favorably or unfavorably from the U.S. economy with regard to the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments. Governments in certain European countries participate to a significant degree, through ownership interests or regulation, in their respective economies. Action by these governments could have a significant adverse effect on market prices of securities and payment of dividends. Many countries in Europe have undergone a substantial political and social transformation and there can be no assurance that the economic, educational and political reforms necessary to complete political and economic transformation will continue.

The investments of certain Clients include investments in assets based in, or companies organized or having a principal place of business in, less developed countries such as those in Central or Eastern Europe. These countries have a short history of market economics, and loans to companies or investments in assets or companies in such countries may entail a higher risk than companies in Western Europe. The particular risks include changes in exchange-control regulations, political and social instability, government expropriation, imposition of unanticipated taxes, illiquid markets and limited information, high transaction costs, limited government supervision of exchanges, brokers and companies, complex or undeveloped insolvency laws, difficulty in enforcing contractual obligation, lack of uniform accounting and auditing standards and greater price volatility. The state of development of certain political systems in Central or Eastern Europe also makes them susceptible to changes and potential weakening from economic hardship and social instability. In certain Central or Eastern European countries, the extent of the success of economic reform is difficult to evaluate. Information on these economies is often contradictory or absent. In certain countries, much of the workforce remains underemployed or unemployed. Continued unemployment could hinder the ability of various governments to keep deficit spending in check.

MiFID II. The rules applying to the provision of investment services and activities within the EEA may be subject to amendment or change in the future. The current regulatory regime came into effect on January 3, 2018, when the recast Markets in Financial Instruments Directive (Directive 2014/65/EU (“**MiFID II**”)) became effective in the EEA and United Kingdom (the “**UK**”). The regulatory regime applicable to HPS and/or the Clients has since evolved and may develop further over time, and may be subject to future substantial changes. In particular following the exit of the UK from the European Union, the regulatory regimes applicable in the EEA and UK may diverge significantly. Such amendments and/or divergence may require the adoption of specific procedural or organizational arrangements that may affect the activities

performed by HPS in relation to the Clients, or entail additional costs to be borne in the performance of the activities regulated under the Governing Documents.

U.S. Market Risks, Generally. The changes in administration of the U.S. government in recent years, in addition to an overall increasingly polarized political climate in the United States, have increased uncertainty regarding future political, legislative or administrative changes that may impact HPS, Clients and their investments. The nature, timing and economic effects of such changes remain highly uncertain and such changes have already, and could in the future, lead to increased regulatory attention regarding private investment funds. None of HPS, their Clients or their respective affiliates can predict the ultimate impact of the foregoing on a Client, its business and investments, or the private equity industry generally, and any prolonged uncertainty could also have an adverse impact on a Client and its investment objectives. Further, an extended federal government shutdown resulting from failing to pass budget appropriations, adopt continuing funding resolutions, or raise the debt ceiling, and other budgetary decisions limiting or delaying deferral government spending, may negatively impact U.S. or global economic conditions, including corporate and consumer spending, and liquidity of capital markets. For example, U.S. debt ceiling and budget deficit concerns have increased the possibility of additional credit rating downgrades. On multiple occasions, ratings agencies have lowered or threatened to lower the long-term sovereign credit rating of the United States. The impact of this or any further downgrades to the U.S. government's sovereign credit rating or its perceived creditworthiness could adversely affect the United States and global financial markets and economic conditions.

In addition, any changes in U.S. social, political, regulatory and economic conditions or in laws and policies governing the financial services industry, foreign trade, manufacturing, outsourcing, development and investment in the territories and countries or types of investments in which Clients may invest, and any negative sentiments towards the United States as a result of such changes, could adversely affect the performance of the Clients' investments. Moreover, media (including social media) has the potential to influence public sentiment and escalate tensions both within the U.S. and in international relations, which have and could continue to cause social unrest and could negatively impact stock markets and economics around the globe and the Fund's investments. Recent events concerning discrimination, race relations and inequality have led to protests, demonstrations, marches and other forms of political and social activism on a local, regional, national and international level as well as rioting in some instances. Such activism, which has ranged from peaceful to in some instances, violent, has resulted in curfews, the deployment of the national guard and other local and national interference, and could lead to increased political and social volatility and uncertainty. While the overall effect of such activism remains unknown, investors should note that this type of volatility and uncertainty could materially and adversely impact the Fund's investments.

Furthermore, in response to the global financial crisis in 2008, the Board of Governors of the U.S. Federal Reserve System (the "Federal Reserve") and certain non-U.S. central banks acted to hold interest rates to historic lows, in addition to taking other governmental actions to stabilize markets and seek to encourage economic growth. While many of these actions have ceased or since moved in the opposite direction (including the Federal Reserve electing to increase interest rates), these and other actions by the Federal Reserve and such other central banks, including changes in policies, continue to have a significant effect on interest rates, inflation and the U.S. and world economies generally, which in turn may affect the performance of the Fund's investments on an absolute and/or relative basis

Environmental Matters. The ordinary operation or the occurrence of an accident with respect to a Client's assets could cause major environmental damage, which may result in significant financial distress to the Client's investments and any portfolio company holding such assets, even if covered by insurance. Certain environmental laws and regulations may require that an owner or operator of an asset address prior environmental contamination, which could involve substantial cost and other liabilities. Clients (and

underlying investors in Clients) may therefore be exposed to substantial risk of loss from environmental claims arising in respect of its investments. Furthermore, changes in environmental laws or regulations or the environmental condition of an investment may create liabilities that did not exist at the time of its acquisition and that could not have been foreseen. Even in cases where a Client is indemnified by the seller with respect to an investment against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or the ability of a Client to achieve enforcement of such indemnities.

Portfolio Companies Generally. A fundamental risk associated with Clients' investment strategy is that the companies in which Clients invest will be unable to make regular payments (*e.g.*, dividend, principal and interest payments) when due, or at all, or otherwise fail to perform. Portfolio companies could deteriorate as a result of, among other factors, an adverse development in their business, poor performance by their management teams, a change in the competitive environment, an economic downturn or legal, tax or regulatory changes. Portfolio companies that HPS expects to remain stable may in fact operate at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may otherwise have a weak financial condition or be experiencing financial distress.

Business and Credit Risks. Investments made by Clients will generally involve a significant degree of financial and/or business risk. Certain Clients intend to invest a significant portion of their capital in fixed-income securities—including subordinated notes, preferred securities, convertible securities, participations and other fixed-income securities and obligations. These securities may pay fixed, variable or floating rates of interest, and are expected to include zero coupon obligations or interest that is paid-in-kind (which tend to increase business and credit risks if an investment becomes impaired because there would be little to no realized proceeds through cash interest payments prior to such impairment). Fixed-income securities are subject to the risk of the issuer's inability to make payments on its obligations (*i.e.*, credit risk) and are also 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).

Certain Clients' investments may be in businesses with little or no operating history. Business risks may be more significant in smaller portfolio companies or those that are embarking on a build-up or operating turnaround strategy.

Improper Market Actors. There can be no assurance that any form of regulation or any market constraints would prevent certain other market actors from engaging in fraud, market manipulation, market abuse, or improper influence in the future. In these situations, any such fraud, market manipulation, market abuse or improper influence by such market actors may have a material adverse effect on the Clients and their investments. Moreover, there can be no assurance that any redress would be available to, or would be practical for, the Clients to pursue with respect to any such fraud, market manipulation, market abuse, or improper influence.

Provision of Managerial Assistance; Control Person Liability. Certain Clients may obtain rights to participate in the governance of certain Clients' portfolio companies. In such instances, Clients typically will designate directors to serve on the boards of directors of portfolio companies. The designation of representatives and other measures contemplated could expose the assets of Clients to claims by a portfolio company, its security holders and its creditors, including claims that a Client is a controlling person and thus is liable for securities laws violations and other liabilities of a portfolio company. The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations (including securities laws) or other types of liability in which the limited liability generally characteristic of business ownership may be ignored. If these liabilities were to arise, Clients might suffer a significant loss. These measures also could

result in certain liabilities in the event of the bankruptcy or reorganization of a portfolio company, could result in claims against Clients if the designated directors violate their fiduciary or other duties to a portfolio company or fail to exercise appropriate levels of care under applicable corporate or securities laws, environmental laws or other legal principles, and could expose a Client to claims that it has interfered in management to the detriment of a portfolio company. While the relevant general partners and HPS or its affiliates intend to operate Clients in a way that will minimize the exposure to these risks, the possibility of successful claims cannot be precluded.

Portfolio Companies May be Highly Leveraged. Portfolio companies may be highly leveraged and there may be no restriction on the amount of debt a portfolio company can incur. Substantial indebtedness may add additional risk with respect to a portfolio company, and could: (i) limit its ability to borrow money for its working capital, capital expenditures, debt service requirements, strategic initiatives or other purposes; (ii) require it to dedicate a substantial portion of its cash flow from operations to the repayment of its indebtedness, thereby reducing funds available to it for other purposes; (iii) make it more highly leveraged than some of its competitors, which may place it at a competitive disadvantage; and/or (iv) subject it to restrictive financial and operating covenants, which may preclude it from favorable business activities or the financing of future operations or other capital needs. In some cases, proceeds of debt incurred by a portfolio company could be paid as a dividend to stockholders rather than retained by the portfolio company for its working capital. Leveraged companies are often more sensitive to declines in revenues, increases in expenses, and adverse business, political, or financial developments or economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such companies or their industries. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

If a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments to its lenders, it may be forced to take other actions to satisfy such obligations under its indebtedness. These alternative measures may include reducing or delaying capital expenditures, selling assets, seeking additional capital, or restructuring or refinancing indebtedness. Any of these actions could significantly reduce the value of the Clients' investment in such portfolio company. If such strategies are not successful and do not permit the portfolio company to meet its scheduled debt service obligations, the portfolio company may also be forced into liquidation, dissolution or insolvency, and the value of the Clients' investment in such portfolio company could be eliminated.

In certain cases, HPS may structure certain of the Clients' investments differently than other investments based on the coupon rates and other terms applicable to the relevant loans. For example, a Client's investments may be purposefully subordinated to other investors in the issuer, which may have a leveraging affect, but will not be considered asset-level borrowings.

Adverse Effect of Economic Conditions on the HPS Funds and Third Party Funds and the Portfolio Companies. Clients and the portfolio companies in which Clients invest may be adversely affected by deterioration in the financial markets and economic conditions throughout the world, some of which may magnify the risks described in the relevant Governing Documents and have other adverse effects. Deteriorating market conditions could result in increasing volatility and illiquidity in the global credit, debt and equity markets generally. The duration and ultimate effect of adverse market conditions cannot be accurately forecast, nor is it known whether or the degree to which such conditions may remain stable or worsen. Deteriorating market conditions and uncertainty regarding economic markets generally could result in declines in the market values of potential investments or declines in the market values of investments after they are acquired by Clients. Such declines could lead to weakened investment opportunities for Clients, could prevent Clients from successfully meeting their investment objectives or could require Clients to dispose of investments at a loss while such unfavorable market conditions prevail. In addition, the investment opportunities of Clients are, in some cases, dependent in part upon the consummation of

leveraged buyout and other private equity sponsored transactions, recapitalizations, refinancing, acquisitions and structured transactions. If fewer of these transactions occur than HPS expects, there may be limited investment opportunities for Clients. Periods of prolonged market stability may also adversely affect the investment opportunity set available to Clients.

Reliance on Portfolio Company Management. HPS and its affiliates generally will seek to monitor the performance of investments in operating companies either through interaction with the board of directors of the applicable company and/or by maintaining an ongoing dialogue with the company's management and/or sponsor team. However, Clients generally will not be in a position to control any issuer by investing in its securities and the portfolio company's management will be primarily responsible for the operations of the company on a day-to-day basis. Although it is the intent of Clients to invest in companies with strong management teams, there can be no assurance that the existing management team, or any new one, will be able to operate the company successfully. In addition, Clients are subject to the risk that an issuer in which it invests may make business decisions with which Clients disagree and the management of such portfolio company, as representatives of the common equity holders, may take risks or otherwise act in ways that do not serve the interests of the investors, including Clients. Furthermore, as discussed in Items 5 and 6 above, in exercising its investment discretion, HPS and its affiliates may, in certain circumstances, commit funds of the Clients to other entities that will be given a mandate to make certain investments consistent with Clients' investment objectives and that may earn a performance-based fee on those investments. Once such a commitment is made, such entities will have full control over the investment of such funds, and HPS or one or more of its affiliates will cease to have such control.

Projections. Clients may rely upon projections developed by HPS concerning an investment's future performance, outcome and cash flow. Projections are inherently subject to uncertainty and factors beyond the control of HPS. The inaccuracy of certain assumptions, the failure to satisfy certain requirements and the occurrence of other unforeseen events could impair the ability of an investment to realize projected values, outcomes and cash flow.

Issuer/Borrower Fraud. Of paramount concern with the types of investments contemplated by Clients is the possibility of material misrepresentation or omission on the part of issuers or guarantors. Such inaccuracy or incompleteness may adversely affect the valuation of the investment or the collateral (if any) underlying the obligation or may adversely affect the ability of the Clients or their affiliates to perfect or effectuate a lien on the collateral securing the obligation. Clients or their affiliates will rely upon the accuracy and completeness of representations made by issuers to the extent reasonable, but cannot guarantee such accuracy or completeness.

Fraudulent Conveyances and Voidable Preferences by Issuers. Under U.S. legal principles, in a lawsuit brought by an unpaid creditor or representative of creditors of an issuer of securities (including a bankruptcy trustee), if a court were to find that the issuer did not receive fair consideration or "reasonably equivalent value" for incurring the obligation or for granting security, and that after giving effect to such obligation or such security, the issuer (a) was insolvent, (b) was engaged in a business for which the remaining assets of such issuer constituted unreasonably small capital, or (c) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could determine to invalidate and avoid, in whole or in part, the obligation underlying an investment of Clients as a constructive fraudulent conveyance. The measure of insolvency for purposes of the foregoing will vary. Generally, an issuer would be considered insolvent at a particular time if the sum of its debts was then greater than all of its property at a fair valuation, or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply to determine whether the issuer was "insolvent" after giving effect to the incurrence of the obligation in which the Client invested or that, regardless of the

method of valuation, a court would not determine that the issuer was “insolvent” upon giving effect to such incurrence.

In addition, it is possible a court may invalidate, in whole or in part, the indebtedness underlying an investment of a Client as a fraudulent conveyance, subordinate such indebtedness to existing or future creditors of the obligor or recover amounts previously paid by the obligor in satisfaction of such indebtedness. Moreover, in the event of the insolvency of a portfolio company, payments made on its indebtedness could be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one year) before the portfolio company becomes a debtor in a bankruptcy case.

Even if Clients do not engage in conduct that would form the basis for a successful cause of action based upon fraudulent conveyance or preference law, there can be no assurance as to whether any lending institution or other party from which the Clients may acquire such security, or any prior holder of such security, has not engaged in any such conduct (or any other conduct that would subject the obligations under the security to disallowance or subordination under insolvency laws) and, if it did engage in such conduct, as to whether such creditor claims could be asserted in a U.S. court (or in the courts of any other country) against a Client so that such Client’s claim against the issuer would be disallowed or subordinated.

Bankruptcy. The Clients’ investments and the collateral underlying the investments will be subject to various laws for the protection of creditors in the jurisdictions of the investments concerned. One or more of the issuers of an investment held by the Clients may become involved in bankruptcy or similar proceedings. The bankruptcy courts of various jurisdictions in which issuers file bankruptcy have broad discretion to control the terms of reorganizations, and political factors may be of significant importance in high profile bankruptcies or bankruptcies in particular jurisdictions.

There are a number of significant risks inherent in the bankruptcy process. First, many events in a bankruptcy are adversarial and beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a court would not approve actions which may be contrary to the interests of Clients. Reorganizations can be contentious and adversarial. Participants may use the threat of, as well as actual, litigation as a negotiating technique. Second, the duration of a bankruptcy case can only be roughly estimated. The bankruptcy process can involve substantial legal, professional and administrative costs to the company and Clients, it is subject to unpredictable and lengthy delays, and during the process the company’s competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the company may not be able to reorganize and may be required to liquidate assets. Any of these factors may adversely affect the return on a creditor’s investment. Third, U.S. bankruptcy law permits the classification of “substantially similar” claims in determining the classification of claims in a reorganization for purpose of voting on a plan of reorganization. Because the standard for classification is flexible, there is a significant risk that Clients’ influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. Fourth, in the early stages of the bankruptcy process it is often difficult to estimate the extent of, or even to identify, any contingent claims that might be made. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be substantial. Fifth, a bankruptcy may result in creditors and equity holders losing their ranking and priority as such if they are considered to have taken over management and functional operating control of a debtor. Sixth, Clients may purchase creditor claims subsequent to the commencement of a bankruptcy case, and it is possible that such purchase may be disallowed by a court if it determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser. Seventh, differences in insolvency regimes may adversely affect the rights of the Funds as creditors with respect to other creditors, and the Funds, as creditors, may receive less favorable

treatment under certain insolvency regimes than those that apply in others, including in cases where the Funds seek to enforce any security they may hold as creditors.

Further, several judicial decisions in the United States have upheld the right of portfolio companies to sue lenders or bondholders on the basis of various evolving legal theories (collectively termed “**lender liability**”). Generally, lender liability is founded upon the premise that an institutional lender or bondholder has violated an implied or contractual duty of good faith and fair dealing owed to the portfolio company or issuer or has assumed a degree of control over the portfolio company or issuer resulting in the creation of a fiduciary duty owed to the portfolio company or issuer or its other creditors or shareholders. Because of the nature of certain of the investments, Clients could be subject to allegations of lender liability. Because of the potential of HPS or its affiliates to have investments in several positions in the same, different or overlapping levels of a portfolio company’s capital structure, Clients may be subject to claims from creditors of a portfolio company that the investments should be equitably subordinated to the payment of other obligations of the portfolio company by reason of the conduct of Clients or HPS and its affiliates. In addition, under certain circumstances, a U.S. bankruptcy court could also recharacterize claims held by Clients as equity interests, and thereby subject such claims to the lower priority afforded equity claims in certain restructuring scenarios.

Exit Financing. Certain Clients may invest in portfolio companies that are in the process of exiting, or that have recently exited, the bankruptcy process. Post-reorganization securities typically entail a higher degree of risk than investments in securities that have not undergone a reorganization or restructuring. Moreover, post-reorganization securities can be subject to heavy selling or downward pricing pressure after the completion of a bankruptcy reorganization or restructuring. If HPS’s evaluation of the anticipated outcome of an investment situation should prove incorrect, the Client could experience a loss.

Bankruptcy Involving Non-U.S. Companies. Investment in debt issued by financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain, while other developing countries may have no bankruptcy laws enacted, adding further uncertainty to the process for reorganization.

Creditors’ Committee and/or Board Participation. In connection with some of the investments, Clients may, but are not obligated to, seek representation on official and unofficial creditors’ committees and/or boards (or comparable governing bodies) of the portfolio companies. While such representation may enable the relevant general partners or investment managers to enhance the value of the investments, it may also prevent a Client from disposing of the investments in a timely and profitable manner, because serving on a creditors committee increases the possibility that such Client will be deemed an “insider” or a “fiduciary” of the portfolio company by virtue of access to material non-public information or borrower restrictive information. If the relevant general partners or investment managers conclude that their obligations owed to the other parties as a committee or group member conflict with their duties owed to Clients, they may resign from that committee or group, and Clients may not realize the benefits, if any, of participation on the committee or group. If representation on a creditors committee or board causes a Client or the relevant general partner or investment managers to be deemed an affiliate or related party of the portfolio company, the securities of such portfolio company held by such Client may become restricted securities, which are not freely tradable. Participation on a creditors’ committee and/or board representation may also subject a Client to additional liability to which it would not otherwise be subject as an ordinary course, third-party investor. Clients will indemnify the relevant general partners or investment managers or any other person designated by the relevant general partners or investment managers for claims arising from such board and/or committee representation, which could adversely affect the return on the investments. Clients will

attempt to balance the advantages and disadvantages of such representation when deciding whether and how to exercise its rights with respect to such portfolio companies, but changes in circumstances could produce adverse consequences in particular situations.

Volatility in Banking Sector. In March 2023, Silicon Valley Bank and Signature Bank were closed by U.S. state regulators and placed under receivership by the U.S. Federal Deposit Insurance Corporation (“FDIC”). Following these high-profile events, several other U.S. and non-U.S. banking institutions experienced sell-offs and/or significant declines to their share prices, with several being placed on “watch lists,” suffering ratings downgrades and/or receiving emergency funding from governments. At this time, it is not clear if there will be additional banking institution failures and whether (and to what extent) U.S. or non-U.S. governments will intervene to support the relevant banking institutions. The impact of the banking sector’s volatility on the financial system and broader economy could be significant.

If the banking institutions used by Clients fail or are impacted by such volatility, such events could have a material adverse effect on such Clients and the limited partners (including loss of capital held at such banking institutions and/or an inability to meet their obligations to other counterparties). A large percentage of a Client’s assets are or may be held by a limited number of banking institutions (or even a single banking institution). If a banking institution at which Clients maintain deposit accounts or securities accounts fails, any cash or other assets in such accounts may be temporarily inaccessible or permanently lost by such Clients. Generally, Clients would be an unsecured creditor with respect to cash balances in excess of \$250,000 held at a single banking institution insured by the FDIC, and therefore Clients may not ultimately recover any such excess amounts. In addition, FDIC deposit insurance does not extend to certain other assets held by a banking institution (e.g., bond investments, U.S. Treasury bills or notes). Furthermore, Clients may be unable to or may choose not to call capital from the limited partners until they set up new banking accounts at a different bank (which could be a time-consuming process and may be prohibited by the terms of the Clients’ then-existing credit facilities).

If a banking institution that provides all or a part of a credit facility, other borrowings and/or other services to Clients fails, Clients could be unable to draw funds under such credit facilities and may not be able to obtain replacement credit facilities or other services from other lending institutions with similar terms. If Clients’ credit facilities and accounts are provided by the same banking institution, and such banking institution fails, Clients could face significant difficulties in funding any near-term obligations they have in respect of their investments or otherwise. Even if the banking institutions used by Clients remain solvent, continued volatility in the banking sector could cause or intensify an economic recession and make it more difficult for Clients to obtain or refinance their credit facilities and other indebtedness at all or on as favorable terms as could otherwise have been obtained.

Similarly, the banking institutions that the issuers in which Clients invest have depositor or lending arrangements may fail. This would have a material adverse effect on such issuers, Clients and their limited partners, including by preventing such issuers from making principal and interest payments or other applicable payments owed with respect to the Funds’ investments. Generally, HPS does not have a meaningful role in selecting the banking institutions used by the issuers in which the Clients invest. Instead, HPS generally relies on the management team of the issuers to select appropriate banking services.

The limited partners and their underlying investors also use various banking institutions. In the event that a banking institution used by a limited partner and/or its underlying investors fails, such limited partner may be unable to satisfy capital calls of Clients. This could result in Clients being unable to satisfy their obligations in respect of their investments or otherwise.

Regulatory Risks:

Changing Regulatory Environment. In addition to the enactment of the Dodd-Frank Act, the regulatory environment for private investment funds (and publicly registered investment funds) is evolving, and changes in regulation could occur during the term of the Client that may adversely affect the Client and its investment results, or some or all of the investors. There is a possibility that prior to the Client's termination, it may be subject to new or revised legislation or regulations, which may be enforced by entirely new governmental agencies. Similarly, Clients may be adversely affected as a result of new or revised legislation, or regulations imposed by the SEC, the CFTC, the U.S. Internal Revenue Service (the "IRS"), the U.S. Federal Communications Commission, or other U.S. or non-U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets, including potentially newly created regulatory bodies. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to intervene, directly and by regulation, in certain markets and may restrict or prohibit market practices, such as the short-selling of certain stocks. Clients or some or all of their investors also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Compliance with any new laws or regulations could be more difficult and expensive, and may affect the manner in which a Client conducts business. Furthermore, new regulations may impair the ability of Clients to obtain the leverage they seek to pursue their investment strategies. New laws or regulations may also subject Clients or some or all of their investors to increased taxes or other costs.

In addition, the tax laws and regulations are changing on an ongoing basis, and such changes may apply with retroactive effect. Moreover, the interpretation and application of tax laws and regulations by certain tax authorities may not be clear, consistent or transparent. Developments in the tax laws of the United States or other jurisdictions could have a material effect on the tax consequences to Clients and their investors. For example, changes in (or differing interpretations with respect to) the tax laws may require a Client to accrue for potential tax liabilities even in situations where the Client does not expect to be ultimately subject to such tax liabilities and may give rise to additional accrual and/or other obligations and may require limited partners to disclose certain additional information (which may be provided to the IRS or other taxing authorities) or may subject such investors to other adverse tax consequences.

Regulatory Developments Relating to HPS. Legal, tax and regulatory changes, as well as judicial decisions, could adversely affect HPS and its Clients, including the HPS Funds. In particular, the regulatory environment relevant to private investment funds may entail increased regulatory involvement in HPS' business or result in ambiguity or conflict among legal or regulatory schemes applicable to HPS' business, all of which could adversely affect the investment strategies pursued or the value of investments held by the HPS Funds and other Clients.

From 2022 through the first quarter of 2024, the U.S. Securities and Exchange Commission ("SEC") voted to adopt several new rules and amendments that will affect HPS' business, the HPS Funds and other Clients. In addition, during this same time period, the SEC proposed several new rules and amendments that, if adopted, can be expected to affect HPS's business, the HPS Funds and other Clients.

Recently Adopted Rules

The Private Fund Adviser Rules. In August 2023, the SEC voted to adopt new rules and amendments to existing rules under the Advisers Act (collectively, the "**Private Fund Adviser Rules**") specifically related to investment advisers and their activities with respect to private funds. The various Private Fund Adviser Rules have compliance dates of either September 14, 2024 or March 14, 2025.

The Private Fund Adviser Rules would, among other things, (i) require quarterly reporting by registered private fund advisers to investors concerning performance, compensation, fees and expenses; (ii) require

registered advisers to obtain an annual audit for private funds they advise; (iii) require registered advisers to obtain a fairness opinion or a valuation opinion and make certain disclosures, in connection with adviser-led secondary transactions (also known as GP-led secondaries); (iv) prohibit advisers from charging certain fees and expenses to private fund clients without disclosure and in some cases investor consent; (v) prohibit advisers from reducing an adviser clawback by the amount of certain taxes, unless disclosed; (vi) prohibit an adviser from borrowing or receiving an extension of credit from a private fund client without disclosure and investor consent; and (vii) impose limitations on and new disclosure requirements regarding preferential treatment of investors in private funds in side letters or other arrangements with an adviser. Several trade groups representing private fund managers have filed a legal challenge to the Private Fund Adviser Rules, and other legal challenges to the Private Fund Adviser Rules may be forthcoming.

New Proxy Vote Disclosure Requirements for Investment Managers. In November 2023, the SEC adopted amendments to Form N-PX and adopted new Rule 14Ad-1 under the Securities Exchange Act of 1934, as amended (“**Exchange Act**”), which will require certain “institutional investment managers” as defined in the Exchange Act to publicly disclose information about their proxy votes regarding certain compensation-related matters (so called “say-on-pay” votes), absent an exception set out by the rule. Rule 14Ad-1, and the amendments to Form N-PX, will be effective on July 1, 2024, for votes occurring during the period of July 1, 2023, to June 30, 2024. The first reports required under the rule and amended Form N-PX will be due by August 31, 2024.

New Short Position and Short Activity Reporting Rules. In October 2023, the SEC adopted new Rule 13f-2 and new Form SHO under the Exchange Act, governing short position and short activity reporting by “institutional investment managers” (as defined in the Exchange Act). Under Rule 13f-2, managers that meet or exceed certain prescribed reporting thresholds will be required to report on Form SHO certain short position and short activity data for equity securities over which the manager has investment discretion. Managers meeting the reporting thresholds will be required to submit the confidential Form SHO reports on a monthly basis. The reports on Form SHO will be confidential, and the data collected from manager will thereafter be aggregated and published by the SEC. The new requirements under Rule 13f-2 and Form SHO create an entirely new, complicated and potentially costly framework for managers in order to collect the relevant data and will likely result in increased compliance and monitoring costs. Compliance with Rule 13f-2 and Form SHO will be required beginning on or around January 1, 2025, with public aggregated reporting to follow 3 months later.

Beneficial Ownership Reporting Rule Amendments. In October 2023, the SEC adopted rule amendments governing beneficial ownership reporting under Sections 13(d) and 13(g) of the Exchange Act. The amendments update Regulation 13D-G to require market participants to provide more timely information on their positions. Exchange Act Sections 13(d) and 13(g), along with Regulation 13D-G, require an investor who beneficially owns more than 5% of a covered class of equity securities to publicly file either a Schedule 13D or a Schedule 13G, as applicable. Among other things, the amendments (i) shorten the deadline for initial Schedule 13D filings and amendments; (ii) generally accelerate the filing deadlines for Schedule 13G beneficial ownership reports; (iii) clarify the Schedule 13D disclosure requirements with respect to derivative securities; and (iv) require that Schedule 13D and 13G filings be made using a structured, machine-readable data language. Compliance with the revised Schedule 13G filing deadlines will be required beginning on September 30, 2024. Compliance with the structured data requirement for Schedules 13D and 13G will be required on December 18, 2024.

Form PF Amendments. In May 2023, the SEC adopted amendments to Form PF that were initially proposed in January 2022. The amended Form PF will require registered investment advisers to private funds to report extensive additional information about themselves, the funds they advise, and the management, investments and operations of private fund portfolios. In particular, the amended Form PF will (i) impose quarterly event reporting requirements on all private equity fund advisers regarding certain triggering events

including the removal of a general partner, certain fund termination events and the occurrence of an adviser-led secondary transaction; (ii) create additional annual reporting requirements for “large” private equity fund advisers (*i.e.*, private equity fund advisers with at least \$2 billion in private equity assets under management) including reporting on the occurrence of any GP clawback or LP clawback, as well more detailed information on fund investment strategies, fund-level borrowings, events of default, bridge financings to controlled portfolio companies and geographic breakdowns of investments; (iii) impose current reporting requirements on large hedge fund advisers (*i.e.*, hedge fund advisers with at least \$1.5 billion in hedge fund assets under management) within 72 hours of certain triggering events including extraordinary investment losses, significant margin and default events, terminations or material restrictions of prime broker relationships, operations events and events associated with withdrawals and redemptions. The current and quarterly event reporting requirements became effective in December 2023 and the annual reporting requirements will become effective in June 2024.

In February 2024, the SEC and the U.S. Commodity Futures Trading Commission (“CFTC”) jointly adopted amendments to Form PF. The amendments will (i) enhance large hedge fund adviser reporting on qualifying hedge funds (*i.e.*, those with a net asset value of at least \$500 million), including how large hedge fund advisers report details including investment exposures, borrowing and counterparty exposure, market factor effects, currency exposure, turnover, country and industry exposure, central clearing counterparty exposure, risk metrics, investment performance by strategy, portfolio liquidity, and financing and investor liquidity; (ii) require private fund advisers to report additional information about themselves and their private funds, including identifying information, assets under management, withdrawal and redemption rights, gross asset value and net asset value, inflows and outflows, base currency, borrowings and types of creditors, fair value hierarchy, beneficial ownership, and fund performance; (iii) require advisers to report separately each component fund in complex fund structures, such as master-feeder arrangements and parallel fund structures; and (iv) remove the existing Form PF requirement for large hedge fund advisers to report certain aggregated information about the hedge funds they advise. The compliance and effective dates for the joint SEC and CFTC amendments to Form PF are one year after publication of the final rule in the Federal Register.

The Private Fund Adviser Rules and the Form PF Amendments are likely to have a significant effect on HPS, the HPS Fund and other Clients and their operations, including increasing compliance burdens and associated regulatory costs and increasing the risk of regulatory action, including public regulatory sanctions, and may result in a change to HPS’ practices and create additional regulatory uncertainty.

The Private Fund Adviser Rules, in particular, are likely to result in material alterations to how HPS operates its business and/or the HPS Funds and other Clients, as well as HPS’ implementation of the investment strategies of the HPS Funds, and there can be no assurance that such alterations will not have a material adverse effect on HPS, the HPS Funds, the other Clients and/or their portfolio companies.

To the extent permitted under the Governing Documents of the HPS Funds and other Clients, the incremental costs of compliance by HPS, the HPS Funds and/or the Clients with any new SEC rules may be borne by the HPS Funds and other Clients, which may be significant.

Proposed Rules

Predictive Data Analytics Proposal. In July 2023, the SEC proposed a new rule and amendments to the books and records rule to address conflicts of interest associated with advisers’ interactions with investors through the use of certain technologies that optimize for, predict, guide, forecast, or direct investment-related behaviors or outcomes (*i.e.*, predictive data analytics). The proposal would require all investment advisers registered, or required to be registered, with the SEC to identify and eliminate (or neutralize the effect of) any conflict of interest associated with their use of covered technology in investor interactions

that place the adviser's or its associated person's interest ahead of investors' interests. In addition, the proposal would require all investment advisers registered, or required to be registered, with the SEC to adopt and implement written policies and procedures reasonably designed to prevent violations of the proposed rule; and to comply with extensive recordkeeping obligations.

Cybersecurity Risk Management Proposal. In January 2022, the SEC proposed new cybersecurity risk management rules and amendments that would require advisers to adopt and implement written cybersecurity policies and procedures, confidentially report significant cybersecurity incidents to the SEC within 48 hours of discovery, make enhanced disclosure about cybersecurity risks and incidents, and maintain related books and records.

Safeguarding Proposal. In February 2023, the SEC proposed to amend and redesignate the custody rule, which governs the safeguarding of client assets by investment advisers, and amend associated reporting and recordkeeping rules. The proposal would, among other things, (i) broaden existing requirements to cover all client assets (not just funds and securities), (ii) expand the definition of "custody" to include discretionary investment authority for assets, (iii) require an adviser to enter into a written agreement with and obtain certain reasonable assurances from qualified custodians, and (iv) narrow the current custody rule's exception from the obligation to maintain client assets with a qualified custodian for certain privately offered securities and physical assets.

ESG Proposal. In May 2022, the SEC proposed amendments to Form ADV which would require investment advisers, including private fund advisers, to provide additional information regarding their incorporation of environmental, social and governance ("ESG") factors in their investment strategies. The proposal seeks to categorize certain types of ESG strategies broadly and would require advisers to provide specific disclosures based on the ESG strategies they pursue.

Adviser Outsourcing Proposal. In October 2022, the SEC proposed a new rule and related rule amendments under the Advisers Act that would establish a new oversight framework for outsourcing by registered investment advisers. The proposal would (i) require advisers to conduct due diligence prior to engaging a "service provider" to perform a "covered function" and to periodically monitor the performance and reassess the retention of the service provider; (ii) require advisers to conduct due diligence prior to engaging a third party to perform a "recordkeeping function" and to periodically monitor the performance and reassess the retention of the third-party recordkeeper, as well as to obtain reasonable assurances that the third party will meet certain standards; (iii) require advisers to make and/or keep books and records related to the foregoing due diligence and monitoring requirements; and (iv) amend Form ADV to collect census-type information about advisers' use of service providers.

Potential Impact

The scope and timing of any final rules and amendments with respect to the foregoing proposals is unknown. If adopted, even with modifications, these rules and amendments would be expected to significantly increase compliance burdens and associated regulatory costs and operational complexity, these amendments could increase the risk of exposure of the Clients, their investments and HPS to additional regulatory scrutiny, litigation, censure and penalties for non-compliance or perceived non-compliance, which in turn would be expected to be adversely (potentially materially) affect the reputation of HPS and the Clients, and to negatively impact HPS in conducting its business (thereby materially reducing returns to limited partners) by, for example, discouraging behavior that generates high returns for the limited partners (e.g., by driving HPS personnel to be more risk averse in their decision making with respect to the Clients or its portfolio investments). The cost of implementing requirements relating to such proposals is expected to be substantial and may, to the extent permitted by the relevant Governing Documents and applicable regulations, be borne by HPS, the HPS Funds and other Clients, and/or portfolio investments of the HPS Funds and other Clients.

Potential Changes in U.S. Securities Laws; Private Fund Adviser Rules. As described in “— Changing Regulatory Environment” above, the regulatory environment for private investment funds is evolving, and changes in the regulation of Clients is expected to occur during the term of certain Clients that may affect such Clients and their investment results, or some or all of the investors. Legal, tax and regulatory changes, as well as judicial decisions could adversely affect the Clients and their investment results, or some or all of the investors. In particular, the changing regulatory environment relevant to private investment funds may entail increased regulatory involvement in HPS’s business or result in ambiguity or conflict among legal or regulatory schemes applicable to HPS’s business, all of which could adversely affect the investment strategies pursued or the value of investments held by Clients.

Regulated Funds. An affiliate of HPS currently advises, and is expected to advise in the future, certain investment companies that are either registered under, or have elected treatment as a business development company (“**BDC**”) pursuant to, the Company Act (collectively, “**HPS Regulated Funds**”). One or more Clients have investment strategies that overlap, in whole or in part, with the investment strategies of the HPS Regulated Funds, and, as a result, such Clients will invest alongside the HPS Regulated Funds when doing so is consistent with such Client’s investment strategy. However, any such investments are likely to be subject to certain requirements under the Company Act.

In particular, the Company Act, the SEC’s rules thereunder, and the interpretations of such provisions by the SEC and its staff, place significant limitations on “joint transactions.” A “joint transaction” under the Company Act generally can include “any written or oral plan, contract, authorization or arrangement, or any practice or understanding concerning an enterprise or undertaking” in which a registered fund or BDC has a “joint or joint and several participation, or share in the profits of such enterprise or undertaking,” with (a) in the case of a registered fund, an “affiliated person,” as defined in the Company Act, or an “affiliated person” of an “affiliated person,” or (b) in the case of a BDC, a “close affiliate” or a “remote affiliate” (collectively, “**Joint Transaction Affiliates**”). In most cases, joint transactions between a registered fund or BDC, on the one hand, and a Joint Transaction Affiliate, on the other hand, are prohibited, unless the SEC has granted exemptive relief (e.g., no-action letters or exemptive orders) permitting otherwise. Generally speaking, HPS Private Fund Clients are considered Joint Transaction Affiliates of the HPS Regulated Funds.

HPS and its affiliates have received an exemptive order (the “**Exemptive Order**”) that permits certain existing and future HPS Regulated Funds to co-invest alongside certain Joint Transaction Affiliates, including certain other Clients, in some transactions that could otherwise potentially be deemed prohibited joint transactions under the Company Act. Among other things, the Exemptive Order permits the HPS Regulated Funds and certain other Clients to invest alongside each other in transactions that involve the negotiation of a term other than price, but only in compliance with the conditions of the Exemptive Order. These conditions generally include, among other things, that investment opportunities which fall within the investment objectives and strategies of an HPS Regulated Fund be offered to such HPS Regulated Fund; that the HPS Regulated Funds and the other Clients invest at the same time, on the same terms and in the same parts of the capital structure of an investment; that the independent members of the board of directors of each HPS Regulated Fund approve and make certain findings regarding the fairness and reasonableness of the transaction to the HPS Regulated Funds and their equity holders; and that follow-on and disposition opportunities be offered pro rata to the HPS Regulated Funds (subject, in each case, to various exceptions and additional requirements). Thus, while the Exemptive Order permits a Client to engage in transactions alongside the HPS Regulated Funds that might otherwise be prohibited by the Company Act, the foregoing and other terms of the Exemptive Order could also have the effect of limiting the ability of such Client to make certain investments, or could reduce the flexibility of such Client to manage, restructure or dispose of investments as compared to situations where such Client did not co-invest alongside an HPS Regulated Fund.

In addition, in order to avoid certain limitations and prohibitions with respect to joint transactions, from time to time a Client may, at the time of investment, elect to invest in non-voting securities of such investment (if such a class is available) or may enter into a contractual arrangement under which such Client waives rights (if any) to vote for the election or removal of such investment's directors (or rights considered equivalent to this under applicable SEC staff interpretations). None of the HPS Regulated Funds, HPS or any other Clients are expected to receive any consideration in return for entering into a voting waiver arrangement. HPS will allocate the acquisition of voting and non-voting securities among its Clients in its sole discretion in accordance with its written allocation policies and procedures (subject, in all cases, to any limitations under the Company Act and the Exemptive Order). To the extent a Client holds any non-voting securities, it will not be able to vote on matters that require the approval of the interest-holders of the underlying investment, including matters potentially adverse to such Client's interests. If such Client's ability to vote is limited, its ability to influence matters being voted on will be reduced relative to other investors.

In some circumstances, due to regulatory considerations related to the Company Act and the Exemptive Order, a Client may be excluded from participation in specific investments for allocation purposes. As a result, the existence of the HPS Regulated Funds and the Exemptive Order may limit allocations of investments to one or more Clients pursuing similar investment strategies or similar investments to an HPS Regulated Fund, and consequently the performance of such funds could vary materially. In addition, because the Exemptive Order will contain certain requirements relating to the allocation of investment opportunities among HPS Regulated Funds and other Clients, it is also possible that differences in the size of the respective funds or their preferred order sizes could result in materially reduced allocations of certain investments to one or more Clients. In certain circumstances, a Client will not be able to participate at all in an investment if the HPS Regulated Funds are participating or may be required to forgo certain investments that would result in such Client and the HPS Regulated Funds holding investments in different parts of the capital structure of an underlying issuer. Similarly, there could be certain circumstances in which the HPS Regulated Funds and a Client participate in the same transaction and due to subsequent events, either the HPS Regulated Funds or such Client cannot participate in add-on investments in the same underlying issuer.

Conflicts may also arise in situations where HPS Regulated Funds and one or more other Clients have invested alongside each other in different parts of an underlying issuer's capital structure in transactions that were not, at the time of their respective investment(s), considered "joint transactions" (because, for example, such investments were made at different times or did not require the negotiation of any term other than price). If such investment(s) subsequently need to be restructured or renegotiated (for example, due to the bankruptcy or financial distress of an underlying issuer), the ability of HPS (or an affiliate thereof) to do so may be limited. Although Company Act rules provide an exception for the restructuring of certain investments that are held by multiple Joint Transaction Affiliates, such exception generally would not be available unless the HPS Regulated Funds and the applicable other Clients all hold securities of the same class and are subject to the same terms at the time of such restructuring and do not have direct or indirect financial interests in the underlying issuer other than through the holding of such securities.

While HPS and its affiliates expect to establish policies and procedures and implement operational and compliance controls which could serve, in part, to address and mitigate potential limitations on Clients created by the Company Act as a result of the HPS Regulated Funds, for the reasons discussed above (among others), HPS's and its affiliates' ability to manage such conflicts will, in certain circumstances, be limited, and no assurance can be given that any such policies, procedures, or operational and compliance controls (if any) will fully or successfully address potential limitations created by the Company Act and the existence of the HPS Regulated Funds.

Risk Retention Regulations. In order to satisfy risk retention requirements established by relevant regulators (the “**Risk Retention Regulations**”), CLO issuers (such as HPS), their affiliates and/or other parties expect to, where applicable, hold investments in the debt and equity securities issued by a CLO for the period required under such Risk Retention Regulations. As a result, in such instances, a certain proportion of the debt and equity securities issued by a CLO that would have otherwise been issued to investors will no longer be marketed, which will decrease investment opportunities for Clients as the amount of the debt and equity securities issued by such a CLO available for investment will be reduced. The additional capital requirements introduced by the Risk Retention Regulations may also impact the number of CLOs that are formed either by HPS or within the market, potentially further impacting the investment opportunities for applicable Clients. There can be no guaranty that any such applicable Client will be able to locate sufficient investment opportunities. Additionally, certain CLO sponsors may require, as a condition to investing in debt and equity securities issued by such CLO, investors, including the HPS Funds and Third Party Funds, to invest in the equity interests of such sponsors in order to satisfy the Risk Retention Regulations. These investments may be more illiquid than debt and equity securities issued by a CLO and may carry additional risks related to ownership of an operating company including the possible loss of the investment in the case of such sponsor vehicle’s filing for bankruptcy.

HPS indirectly owns and controls certain vehicles established to comply with the federal interagency credit risk retention rules, codified at 17 C.F.R. part 246 (the “**U.S. Risk Retention Rules**”) with respect to HPS CLOs. Investors should understand that there is uncertainty with respect to what is required to comply with the U.S. Risk Retention Rules in certain circumstances, and therefore there can be no assurance that the steps taken by HPS and its affiliates will be deemed sufficient to comply with the U.S. Risk Retention Rules. The failure to satisfy or otherwise comply with the U.S. Risk Retention Rules where applicable may have a material and adverse effect on the market value and/or liquidity of any HPS CLO in which the HPS Funds and Third Party Funds invest. On February 9, 2018, the United States Court of Appeals for the District of Columbia (the “**DC Circuit Court**”) ruled in favor of an appeal brought by the Loan Syndications and Trading Association (the “**LSTA**”) from a district court (“**District Court**”) ruling granting summary judgment to the SEC and the Board of Governors of the Federal Reserve System on the issue of whether the U.S. Risk Retention Rules apply to collateral managers of “open market” CLOs under Section 941 of the Dodd-Frank Act (the “**DC Circuit Court Decision**”). The District Court entered summary judgment in favor of the LSTA on April 5, 2018. As of the date hereof, CLO managers of “open-market CLOs” (as defined in the DC Circuit Court Decision) will no longer be required to comply with the U.S. Risk Retention Rules. It should be noted, however, that the DC Circuit Court Decision would not apply with respect to any “balance sheet CLOs” (such as middle market CLOs) which will continue to be subject to the U.S. Risk Retention Rules.

In addition, EU has in place similar risk retention rules (the “**EU Risk Retention Rules**”) that apply to certain EU institutional investors such as credit institutions (including banks), investment firms, investment fund managers, pension funds, UCITS and insurance and reorganization undertakings. HPS indirectly owns and controls certain vehicles established to comply with the EU Risk Retention Rules. There is uncertainty with respect to what is required to comply with the EU Risk Retention Rules and their extra-territorial scope in certain circumstances, and therefore there can be no assurance that the steps taken by HPS and its affiliates will be deemed sufficient to comply with the EU Risk Retention Rules. The failure to satisfy or otherwise comply with the EU Risk Retention Rules may have a material and adverse effect on the market value and/or liquidity of any HPS CLO that is subject to EU Risk Retention Rules in which the HPS Funds or Third Party Funds invest and may result in failure of such HPS Funds or Third Party Funds and/or certain underlying European investors to satisfy the requirements of the EU Risk Retention Rules. In addition, the EU Risk Retention Rules and similar rules currently in place in the UK restrict investment by certain Clients in securitizations that are not compliant with such rules, limiting the investment opportunities available to such Clients.

Effect on the Clients of the Dodd-Frank Act. The enactment of the Dodd-Frank Act and other financial regulations curtailed certain investment activities of U.S. banks. As a result, alternative providers of capital (such as the certain HPS Funds and Third Party Funds) were able to access certain investment opportunities on a larger scale. If the restrictions under the Dodd-Frank Act are curtailed or repealed, banks may be subject to fewer restrictions on their investment activities, thereby increasing competition with the HPS Funds and Third Party Funds for potential investment opportunities. As a result, any changes to the Dodd-Frank Act may adversely impact the Clients.

AIFM Directive and UK AIFM Regulations. The Alternative Investment Fund Managers Directive (“**AIFM Directive**”), in the case of the European Economic Area (“**EEA**”), and the UK Alternative Investment Fund Managers Regulations 2013, as amended (the “**UK AIFM Regulations**”), in the case of the UK, together with any secondary legislation (each as may be amended, replaced or supplemented from time to time), seek to regulate “alternative investment fund managers” (each an “**AIFM**”) based in the EEA and the UK respectively and prohibit such managers from managing any alternative investment fund (“**AIF**”) or marketing shares in such funds to investors within the EEA (“**EEA Investors**”) and the UK (“**UK Investors**”) respectively unless authorization is granted to the AIFM. Furthermore, the AIFM Directive and the UK AIFM Regulations impose conditions on the marketing of funds such as the Clients (that is, those established outside the EEA and the UK and/or with non-EEA and non-UK based managers) to EEA investors and UK Investors and require that an AIFM be identified to meet such conditions where such marketing is sought. The AIFM Directive and the UK AIFM Regulations (as amended, replaced or supplemented from time to time) each impose detailed and prescriptive obligations on fund managers established in the EEA and the UK respectively, including rules relating to: measuring and capping leverage in line with prescribed standards; the treatment of the limited partners; the use of “depositories”; and cover for professional liability risks. However, managers established outside of the EEA and the UK are required to comply only with certain disclosure, reporting and transparency obligations of the AIFM Directive and the UK AIFM Regulations (together, the “**Disclosure Provisions**”) to the extent that the managers market interests in a fund to EEA Investors under the AIFM Directive and UK Investors under the UK AIFM Regulations. Therefore, the AIFM Directive and UK AIFM Regulations could result in increased operational and regulatory requirements and costs to the Clients, to the extent that HPS markets such Clients into the EEA or the UK.

HPS will not market the Clients into any jurisdiction in the EEA or in the UK until appropriate regulatory filings have been made and the Disclosure Provisions have been complied with.

Privacy and Data Protection Laws. HPS’ processing of personal data associated with its employees and representatives, natural person investors and individual representatives of institutional investors, Service Provider representatives, and others, such as individuals in connection with investments (*e.g.*, borrowers or debtors), including the use of third-party processors and cloud-based services to, among other things, store and maintain personal data, imposes legal and regulatory risks. Legal requirements relating to the collection, storage, handling and transfer of personal data continue to develop. Certain activities of HPS may, for example, be subject to the EU’s General Data Protection Regulation (as amended from time to time, the “**GDPR**”), the GDPR as it forms part of the laws of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the European Union (Withdrawal) Act 2018, the California Consumer Privacy Act (as amended from time to time, the “**CCPA**”) or the Cayman Islands Data Protection Act (As Revised) (as amended from time to time, the “**DPA**,” and together with the GDPR, the CCPA and any other similar laws or regulations, the “**Data Protection Laws**”). HPS may not be able to accurately anticipate the ways in which regulators and courts will apply or interpret such laws. The failure of HPS or its Service Providers to comply with privacy and data protection laws could result in negative publicity and may subject the Clients to significant costs associated with litigation, settlements, regulatory action, judgments, liabilities, or penalties. If privacy or data protection laws are implemented, interpreted or applied in a manner inconsistent with HPS’ expectations, that may result in business practices changing in a manner that

adversely affects the Clients. Moreover, if HPS or its Service Providers suffer a security breach impacting personal data, there may be obligations to notify governmental authorities or stakeholders, which may divert HPS' time and effort and entail substantial expense.

Any failure by Client and/or HPS to comply with applicable Data Protection Laws could result in negative publicity and may subject the Client and/or HPS to significant costs associated with remediation actions, litigation, settlements, regulatory action, fines, judgments, liabilities and other penalties, for which the Client and/or HPS may not have insurance coverage. In addition, changes to and/or expansion of applicable Data Protection Laws could adversely affect the business operations of the Clients and/or HPS.

Cayman Islands Regulatory Oversight. Certain Clients will be required to register and be regulated as a private fund under the Private Funds Act. Once registered, the Authority will have supervisory and enforcement powers to ensure the Client's compliance with the Private Funds Act. The Authority may take certain actions if it is satisfied that a regulated private fund is or is likely to become unable to meet its obligations as they fall due, or is carrying on business fraudulently or otherwise in a manner detrimental to the public interest or to the interests of its investors or creditors, or is carrying on or is attempting to carry on business or is winding up of its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Authority include, inter alia, the power to require the substitution of the general partner, to appoint a person to advise the Client on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Client. There are other remedies available to the Authority including the ability to apply to court for approval of other actions.

Environmental, Social and Governance Considerations. The regulatory regimes applicable to ESG standards within the European Economic Area (including the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the "SFDR")) are evolving and are expected to be subject to substantial future changes. In December 2019, the European Parliament and the Council of the European Union approved the Regulation on the Establishment of a Framework to Facilitate Sustainable Investment, which sets forth a general framework for the development of an EU-wide classification system for environmentally sustainable economic activities. There is a risk that a significant reorientation in the market could be adverse to HPS's investment businesses, and the investment objectives of certain Clients' subject to such regulation, at least in the short term. In this respect, the entry into force of the ESG-related regulatory regimes and further developments in regulatory expectations and best practices under such regimes, as well as any subsequent changes to the regulatory frameworks applying to ESG standards, reporting and compliance obligations, as applicable to HPS, certain of its Clients or their investments, may impose additional costs to such Clients and may require additional resources to monitor, report and comply with wide ranging ESG-related requirements.

Certain Clients have been categorized as meeting the provisions set out in Article 8 of SFDR for products which promote environmental characteristics, while certain other Clients do not promote any environmental characteristics. For those Article 8 Clients, in order to meet the environmental characteristics promoted, HPS applies binding investment criteria as specified in such Clients' offering materials and Governing Documents. Certain other Clients do not pursue ESG-based investment strategies or limit their investments to those that meet specific ESG criteria or standards. While, with respect to those Clients, HPS may consider ESG related risks (to the extent data is available) as part of its overall investment risk assessment, such Clients do not pursue ESG-based investment strategies or limit their investments to those that meet specific ESG criteria or standards.

Furthermore, changes in environmental laws or regulations applicable to, or the environmental conditions affecting, an investment may create liabilities that did not exist at the time of its acquisition and that could not have been foreseen. Community and environmental groups may protest about the development or

operation of certain assets, which may induce government action to the detriment of one or more Clients. New and more stringent environmental or health and safety laws, regulations and permit requirements, or stricter interpretations of current laws, regulations, or requirements, could impose substantial additional costs on an investment, or could otherwise place an investment at a competitive disadvantage compared to its competitors, and failure to comply with any such requirements could have an adverse effect on an investment. Even in cases where a Client is indemnified by the seller with respect to an investment against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or the ability of a Client to achieve enforcement of such indemnities.

HPS will continuously evaluate different types of investments for its Clients and may determine that certain investments are not appropriate, or should be subject to certain investment limitations, because HPS deems such investments to be ESG high-risk areas, including those that are in addition to binding investment criteria of Article 8 Clients.

HPS will seek to evaluate each potential investment based on the information available at the relevant time, including taking into account HPS's ESG policies and procedures at such time. However, HPS's ESG policies and procedures may change over time, certain exceptions to such policies and procedures may be made or be applied differently to different investments from time to time (other than, for the avoidance of doubt, in respect of the binding investment selection criteria), and societal norms and public opinion may also evolve. As a result, a Client may make an investment that, had it been made in the future or strictly in accordance with HPS's ESG policies and procedures, under different ESG criteria or without any exceptions or variations to such policies and procedures, would not have been desirable. Certain Clients' investments are expected to be illiquid and, as a result, such Clients will not be able to exit certain investments at certain times and will be required to continue holding such investments despite evolving ESG risks. Further, HPS's access to ESG-related information will likely vary depending on the nature of the investment at issue and the access HPS has to information regarding the underlying assets. Because of the nature of some Clients' investments, HPS is expected to have limited control or influence over the underlying assets and portfolio companies and may not have the ability to affect ESG-driven change. Any reference herein to environmental or social considerations is not intended to limit Clients' seeking investments that HPS believes will generate attractive risk-adjusted returns, subject to the investment restrictions of each Client.

Risks Related to the Discontinuance of LIBOR. The London Inter-bank Offered Rate (LIBOR) and certain other benchmark indices to which variable rate debt is tied have been the subject of recent national, international and regulatory guidance and proposals for reform. Although LIBOR has been discontinued and new financial instruments based on LIBOR are not expected to be issued going forward, certain Clients may acquire existing financial instruments based on LIBOR on a secondary basis and, as a result, it is unclear how this wind-down of LIBOR will affect such investments. In the United States, the Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a group of market and official sector participants, identified SOFR as its recommended alternative benchmark rate, while other alternative rates have been recommended in other jurisdictions. At this time, there remains uncertainty regarding how markets will respond to SOFR or other alternative reference rates as the transition away from LIBOR progresses, and there remains some uncertainty as to what methods of calculating a replacement benchmark will be established or adopted generally, or whether different industry bodies, such as the loan market and the derivatives markets, will adopt the same methodologies. SOFR or any other alternative reference rate and any pricing adjustments required in connection with the transition from LIBOR may impose costs on the Clients or may not be suitable for the Clients and their investments, resulting in lower returns or additional costs for Clients. The continued transition to SOFR or other alternative rates or benchmarks may have an impact on the value of LIBOR-based loans and securities, including those of other borrowers in which Clients invest or may in the future invest and may impact the availability and cost of hedging

instruments and borrowings. In particular, the replacement of LIBOR with SOFR or another alternative rate or benchmark, or what pricing adjustments (if any) will be applied to any alternative rate or benchmark, may adversely affect interest rates and result in higher borrowing costs or lower investment returns. In addition, the automated systems used to administer the loans in which certain Clients invest may have been developed based on LIBOR, and there may be operational difficulties as a result of the transition away from LIBOR. Finally, as the transition to SOFR or other alternative rates or benchmarks continues, certain Clients may need to continue to amend or restructure any remaining LIBOR-based debt instruments that have not yet been transitioned to SOFR or another alternative rate or benchmark.

Governmental Intervention. Pervasive and fundamental disruptions undergone by global financial markets may lead to extensive and unprecedented governmental intervention, including conservatorship. Such intervention may be implemented on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, some of these interventions may be unclear in scope and application, resulting in market uncertainty that may negatively affect the efficient functioning of the markets, as well as previously successful investment strategies. It is impossible to predict accurately whether and when such governmental intervention may occur and any such governmental intervention may affect the success of a Client’s investment strategy and may cause the Client to sustain significant loss.

Certain legislation proposing greater regulation or taxation of the private fund industry periodically is considered by the U.S. Congress, as well as the governing bodies in non-U.S. jurisdictions. It is impossible to predict accurately what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the HPS Funds’ and Third Party Funds’ strategies. Any such regulation could also require increased transparency as to the identity of the investors.

Government Policies and Changes in Laws. Governmental regulatory activity, especially that of the Board of Governors of the U.S. Federal Reserve System (the “**Federal Reserve**”) and the European Central Bank (“**ECB**”), may have a significant effect on interest rates and on the economy generally, which in turn may affect the price of the securities in which the Clients invest or plan to invest. In the recent past, the Federal Reserve and the ECB have taken actions which have resulted in lower interest rates than would otherwise be prevailing in the marketplace. The favorability of conditions for investment by Clients in certain markets may be dependent on continued monetary policy accommodation from central banks, especially the Federal Reserve and the ECB. There can be no assurance that the Federal Reserve and/or the ECB will maintain such policies that target lower interest rates, and the Federal Reserve has recently raised interests and indicated that it will continue to do so. As a consequence, interest rates are likely to continue to rise in the near future. Higher interest rates generally impact funds that make credit investments by making it harder to find new investments and exit existing investments and lowering the value of existing investments. This can lead to missed investment opportunities and impact the ability of HPS to market and raise new or successor Client funds in the future. Consequently, such increases in interest rates may have an adverse impact on the business of HPS and the Clients and their ability to achieve investment objectives.

In addition, high interest rates, the imposition of credit controls or other restraints on loans to finance takeovers or other acquisitions could diminish the number of merger tender offers, exchange offers or other acquisitions, and as a consequence have a materially adverse effect on the activities of the Clients. Moreover, changes in U.S. federal or state tax laws, U.S. federal or state securities and bankruptcy laws or in accounting standards may make corporate acquisitions or restructurings less desirable and could result in less new loan issuance and reduced investment opportunities. Amendments to the U.S. Bankruptcy Code or other relevant laws could also alter an expected outcome or introduce greater uncertainty regarding the likely outcome of an investment situation.

Pay-to-Play Laws, Regulations and Policies. Many states, their subdivisions and associated pension plans have adopted so-called “pay-to-play” laws, rules, regulations or policies which prohibit, restrict or require disclosure of payments to, and/or certain contacts with, certain politicians or officials associated with public entities by individuals and entities seeking to do business with related entities, including seeking investments by public retirement funds in collective investment funds such as the Clients. The SEC also has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation with respect to a government plan investor for two years after the adviser or certain of its executives or employees makes a contribution to certain elected officials or candidates for certain elected offices. If HPS, a general partner or their respective employees or affiliates violate such pay-to-play laws, rules, regulations or policies, such non-compliance could have an adverse effect on a Client by, for example, providing the basis for the ability of such government-affiliated pension plan investor to cease funding its obligations to such Client or to withdraw from such Client.

Investment in the HPS Funds and Third Party Funds involves significant risks and is suitable only for investors who can bear the economic risk of loss of their entire investment and who generally have limited need for liquidity in their investment. There can be no assurance that the HPS Funds or Third Party Funds will achieve their investment objectives. Investment in the HPS Funds and Third Party Funds carries with it inherent and material risks that investors may be subject to other than those described above. Additional risks pertaining to specific HPS Funds and Third Party Funds are disclosed in greater detail in the Governing Documents of each HPS Fund and Third Party Fund. We encourage prospective investors to carefully review the full description of risk factors presented in the applicable Governing Documents prior to making a decision to invest in an HPS Fund or Third Party Fund. Any losses incurred by investors in an HPS Fund or Third Party Fund will be borne solely by such investors and not by HPS or its affiliates or subsidiaries; therefore any losses of HPS and its affiliates and subsidiaries in such HPS Fund or Third Party Fund will be limited to losses attributable to their ownership interests in such HPS Fund or Third Party Fund (if any) in their capacity as investors in the HPS Fund or Third Party Fund.

Item 9 - Disciplinary Information

HPS does not believe that there have been any legal or disciplinary events that are material to its advisory business or the integrity of its management.

Item 10 - Other Financial Industry Activities and Affiliations

HPS Investment Partners, LLC is not currently registered as a broker-dealer.

HPS Securities, LLC, an affiliate of HPS, is a broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority, Inc. (“**FINRA**”). Certain management persons of HPS are registered representatives of the affiliated broker-dealer. HPS Securities serves as placement agent for the HPS Funds. While HPS Securities is not expected to receive placement fees in connection with these services, HPS Securities will be entitled to expense reimbursement for certain expenses related to such offerings, which could be viewed as compensation. In addition, HPS Securities is expected to serve in the future, as managing dealer for certain HPS Regulated Funds, and reserves the right in such role to receive servicing or distribution fees from the relevant HPS Regulated Fund. To the extent HPS Securities is engaged by any HPS Fund to provide placement services, HPS Securities will have an incentive to recommend the securities of the relevant Client to investors.

HPS Advisors, LLC is an affiliate of HPS and registered investment adviser that serves as the investment adviser to one or more HPS Regulated Funds.

Please refer to Items 11 and 14 below for additional information.

Relying Advisers

The below entities are advisory subsidiaries of HPS (each, a “**Relying Adviser**” and collectively, the “**Relying Advisers**”).

HPS, either directly or indirectly, controls the following Relying Advisers:

- HPS Investment Partners (UK) LLP
- HPS Investment Partners (HK), Limited
- HPS Investments Partners (AUS) Pty Ltd.
- HPS ALSC Management, LLC
- HPS Investment Partners Lux Sàrl
- HPS Mezzanine Partners II, LLC
- HPS Mezzanine Management III, LLC
- HPS Mezzanine Management 2019, LLC
- HPS Strategic Investment Management V, LLC
- HPS Opportunities SL Management, LLC
- HPS RE Management, LLC
- HPS Investment Partners CLO (US), LLC
- HPS Investment Partners CLO (UK) LLP
- Segovia Loan Advisors (UK) LLP
- HPS Investment Partners (SG) Pte. Ltd.
- HPS EF GP, LLC
- HPS EL SLF 2016 GP, LLC
- CGC, LLC
- CGC III Partners LLC

Each of the Relying Advisers is involved in identifying and monitoring investments recommended or made on behalf of one or more Clients. The Relying Advisers conduct no other investment advisory activities. Principals and employees of the Relying Advisers are subject to HPS’s Code of Ethics.

Principals, employees and certain affiliates of HPS have invested in, and made commitments to invest in, certain HPS Funds and Third Party Funds managed by HPS or a Relying Adviser.

CGC, LLC (“CGC”) has a sub-advisory agreement with Bear Stearns Asset Management Inc. (“BSAM”), an affiliated investment adviser of JPM, to manage certain private equity funds. BSAM also has a revenue sharing arrangement with CGC.

Related General Partners

Certain affiliates of HPS serve in a general partner capacity of certain Clients (the “**General Partner Entities**”). In reliance on guidance from the SEC Staff, the General Partner Entities are relying on HPS’s registration with the SEC and are not submitting separate Forms ADV.

Foreign Registrations

HPS operates in Australia pursuant to an exemption from registration granted by the Australian Securities and Investment Commission (“ASIC”) to those investment advisers already registered with the SEC.

HPS Investment Partners (AUS) Pty Ltd. is licensed as an Australian Financial Service Licensee by ASIC.

HPS Investment Partners (UK) LLP, HPS Investment Partners CLO (UK) LLP and Segovia Loan Advisors (UK) LLP are authorized by the Financial Conduct Authority in the United Kingdom.

HPS Investment Partners (UK) LLP (DIFC Representative Office) is registered with the Dubai Financial Services Authority as a representative office.

HPS Securities and HPS Investment Partners (UK) LLP each rely on the international dealer exemption in Canada.

HPS Investment Partners (HK), Limited is authorized and regulated to perform asset management activities with the Hong Kong Securities and Futures Commission.

HPS Investment Partners Lux Sàrl is authorised and regulated by the Commission de Surveillance du Secteur Financier in Luxembourg for the purposes of managing alternative investment funds.

HPS Investment Partners (SG) Pte. Ltd. holds a capital markets services license for fund management issued by the Monetary Authority of Singapore.

US Registrations

Commodity Futures Trading Commission (Commodity Pool Operator)

HPS and certain of the Relying Advisers are currently exempt from registration with the Commodity Futures Trading Commission (“CFTC”) as commodity pool operators (“CPOs”). Generally, HPS and its affiliated Relying Advisers provide services to pools operating pursuant to CFTC Rules 4.13(a)(3) or 4.5, so that HPS and its affiliated Relying Advisers are exempt from certain or most CFTC disclosure, reporting and recordkeeping requirements applicable to registered CPOs.

Selection of Service Providers

The Clients’ advisors and service providers (including, but not limited to, accountants, administrators, lenders, bankers, brokers, attorneys, tax counsel, consultants, software and technology and investment or

commercial banking firms) or their affiliates are expected to provide goods or services to, or have business, personal, financial or other relations with HPS, its employees (or their family members), affiliates, Clients, and/or portfolio companies. HPS and/or its affiliates hold, and in the future may hold, interests in at least one such service provider that HPS expects to employ in connection with its investment manager activities. Those interests entitle (and any others held in the future may entitle) HPS and/or its affiliates to receive a portion of any distributions made by such service provider, and also entitle HPS and/or its affiliate to receive compensation in the event of a sale of the business of the service provider (the value of which will indirectly depend, in part, on the service provider's revenues). HPS and/or its affiliates entitlement to interests in the service provider is partially conditioned (and other similar arrangements in the future may be similarly conditioned) upon maintaining a service contract with the service provider with a minimum revenue amount from HPS and/or its affiliates and its Clients. Taken together, this creates a strong incentive for HPS to select or recommend that service provider in lieu of any available competitors who might provide comparable or higher quality of services, for comparable or lower costs. HPS and/or its affiliates may enter into similar arrangements in the future.

Such advisors and service providers may be investors in one or more of the Clients, sources of investment opportunities or co-investors or commercial counterparties or entities in which HPS or its employees (or their family members) or affiliates have an investment.

Except as required by a Client's Governing Documents, HPS will generally have the discretion to select service providers independent of review by investors or consent by any relevant Client or limited partner advisory committee. The Clients, unless otherwise specified or agreed, will bear the cost of all such service providers, as appropriate.

The service providers that HPS selects for one or more of the Clients may also provide services to HPS and/or its affiliates, or a portfolio company in a different capacity and/or at different rates. Fee discounts may be granted to HPS, its affiliates in connection with such engagement and not the Clients or a portfolio company, or vice versa. This creates a potential conflict of interest where the interests of the parties are not aligned where, for example, a law firm may be at the same time engaged to provide services to both HPS and one or more of the Clients or a portfolio company.

Additionally, certain investors or employees of HPS may have family members or relatives employed by such advisors and service providers. These relationships could influence HPS or its affiliates or the applicable general partners in deciding whether to select or recommend such service providers to perform services for the Clients or portfolio companies (the cost of which will generally be borne directly or indirectly by the Clients or such entities, as applicable).

In addition, certain Clients are investors in NFP Corp. and its affiliated entities (collectively, "NFP"), a benefits, insurance, and wealth management business. NFP is operated and managed completely separately from HPS. HPS does not have any involvement in the day-to-day business operations of NFP and does not control or direct the consulting recommendations that NFP makes to its clients and all such recommendations in connection with the services provided to such clients are solely made by NFP. However, HPS has retained NFP to serve as its benefits broker.

Conflicts of interest associated with the selection of service providers are attempted to be mitigated by the use of reasonable diligence to select such service provider, including without limitation, law firms, taking into account such factors as expertise, availability and quality of service, competitiveness of compensation rates, operational and regulatory controls, and comparing those factors with other similar service providers. HPS has adopted policies, procedures and controls regarding the use and selection of these service providers designed to comply with its fiduciary duties.

Additionally, risks associated with service providers are discussed in Item 8 above, and expenses associated with retention of service providers are discussed in Item 5 above.

Diverse Membership; Relationships with Investors

The Clients and their investors including HPS personnel, directors, members, partners or other related persons, may have conflicting investment, tax and other interests with respect to the investments made by the Clients, including as a result of a domestic Client's participation in and/or sales of certain senior securities. The investors of the Clients are expected to include persons or entities organized in various jurisdictions and different investors have conflicting investment, tax and other interests in respect of their investments in one or more of the Clients. The conflicting interests of the Clients and of individual investors may relate to or arise from, among other things, the nature of investments made by the Clients, the structuring of the acquisition of the Clients' investments, the timing of disposition of investments, which may be more beneficial for one or more of the Clients and their respective investors than for one or more of the other Clients and their respective investors) the transfer or disposition by a limited partner of its interest in a Client and the manner in which one or more of the Clients' investments are reported for tax purposes. Such structuring of the Clients' investments and other factors may result in different returns being realized by different investors. As a consequence, conflicts of interest will arise in connection with decisions made by HPS or the relevant general partners, including in respect of the nature or structuring of investments and the use of AIVs, that may be more beneficial for one investor than for another investor, especially in respect of investors' individual tax situations. In addition, the Clients, HPS, the relevant general partners and/or their affiliates may face certain tax risks based on positions taken by the Clients, their subsidiaries and/or withholding agents, and HPS and the relevant general partners each reserve the right on behalf of itself and their affiliates to take positions adverse to the Clients and the Clients' investors, including with respect to withholding of amounts to cover actual or potential tax liabilities.

HPS has entered, and may continue to enter into strategic partnerships directly or indirectly with investors, including investors that (i) commit significant capital to a range of products and investment ideas sponsored by HPS, (ii) provide services to HPS, its affiliates or portfolio companies in which Clients invest or (iii) early stage seed investors. Such arrangements include and may in the future include HPS granting certain preferential terms to such investors, including blended advisory fee rates that are lower than those applicable to other investors that invest in one or more of the same products. Such preferential terms are generally not subject to the "most favored nation" provisions of the Governing Documents of a particular Client and may be implemented through the use of a managed account or similar vehicle that invests in or alongside such Client. Investors may not be able to elect to benefit from such arrangements due to the fact that the strategic partnerships are likely to be developed on a case-by-case basis to accommodate particular investor requests and investment mandates.

Business with Portfolio Companies and Investors

Given the collaborative nature of the business HPS and its affiliates conduct with portfolio companies and investors, from time to time HPS and one or more of its affiliates transact with a current or past portfolio company or investor in a manner other than in connection with investment activity.

Positions with Portfolio Companies

HPS investment professionals, including current and former personnel, from time to time serve on the boards of directors of one or more portfolio companies in connection with the governance rights afforded to the Clients as part of their investment in such portfolio company and, in that capacity, are required to make decisions that they consider to be in the interests of such portfolio company.

In these scenarios, while the interests of a Client in a portfolio company will generally align with those of investors more broadly, it is possible that the applicable HPS investment professional's fiduciary duties to the portfolio company as an investor will conflict with those of the applicable HPS investment professional as director of such portfolio company and therefore conflict with the interests of the Clients.

In certain circumstances, such as in situations involving bankruptcy or near insolvency of a portfolio company, actions that may be in the interests of the portfolio company may not be in the interests of the Clients, and vice versa. Accordingly, in these situations, there are conflicts of interest between an HPS investment professional's duties as a member of the investment team or officer or employee of HPS and such HPS investment professional's duties as a director of the portfolio company.

Additionally, the applicable general partners, HPS or their respective affiliates have entered into, and may in the future enter into, additional transactions with one or more portfolio companies (for example, retention of a portfolio company as a service provider to HPS, as further discussed in Item 10), which creates a conflict of interest. While it is generally expected that any such transaction would be on terms HPS deems fair and equitable, it is possible that the portfolio company may pay higher fees or receive fewer benefits in the transaction than it would if the counterparty to the transaction were a third party.

Additionally, during their employment with HPS, certain HPS investment professionals serve in interim roles or provide additional services as a secondee or in a similar capacity at portfolio companies from time to time.

Relationships with Portfolio Company and Investors

Portfolio companies or investors may make discounts or other benefits available to HPS, its affiliates, or its employees in connection with products or services provided by such portfolio company or investor. HPS may, from time to time, engage in business opportunities (such as joint ventures or strategic partnerships) with portfolio companies or investors. In certain instances, portfolio companies controlled by HPS or an affiliate may, from time to time, provide services to HPS or certain Clients. An incentive exists for HPS to cause the portfolio company to provide such services at a discount, which could adversely affect the profitability of such portfolio company. HPS and its affiliates have the discretion to utilize the services of investors or portfolio companies on terms they deem fair and equitable in their sole discretion.

Transactions that May Benefit Investors

HPS or its affiliates from time to time engage in transactions with current or prospective investors that entail business benefits to such investors. Such transactions may be entered into independently or in connection with any such investor's decision to invest in one or more Clients or at some point during the term of the investment. The type of such transactions can vary greatly and may or may not include benefits to one or more Clients and, potentially, one or more of the portfolio companies or a Client. An example of a transaction that may provide a benefit to an investor is the opportunity to co-invest alongside a Client or invest in a portfolio company of which an investor is an owner, director or officer.

Employment and Training Opportunities

Consistent with applicable law and internal policies regarding, among other things, anti-corruption and the protection of proprietary information, HPS or its affiliates may, from time to time, hire short- or long-term personnel or interns who are relatives of or otherwise associated with one or more investors, portfolio companies or service providers, or provide extended training sessions or similar educational opportunities to such relatives or associates. HPS has adopted policies and procedures designed to mitigate the potential conflicts of interest that could be associated with any such relationships; however, there can be no guarantee

that HPS's internal policies can account for all possible conflicts of interest that could arise with respect to such activity and, in some circumstances, the appearance of a conflict of interest will exist.

HPS does not recommend or select other investment advisers for its Clients and receive compensation from those advisers.

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

Code of Ethics

HPS has adopted a Code of Ethics (the “**Code**”), and each of the Relying Advisers has adopted the Code as well. The Code obligates all principals, officers, directors, employees and other persons associated with HPS and the Relying Advisers or as designated by HPS’s Compliance Department (the “**Compliance Department**”) (all such persons, “**Supervised Persons**”) to put the interests of the Clients of HPS before their own personal interests in connection with their fiduciary duties. All of the Supervised Persons are also required to comply with all applicable federal securities laws and to report violations of the Code. As part of the Code, HPS has adopted policies and procedures that are designed to mitigate potential conflicts of interest including, but not limited to, those related to insider trading and the misuse of material non-public information, personal trading, political contributions and outside activities. HPS also maintains a gifts and entertainment policy requiring the reporting of gifts and entertainment and restricts the acceptance of certain gifts. From time to time, Supervised Persons have, and in the future can be expected to, accept gifts or entertainment from service providers to the Clients and/or portfolio companies of the Clients. This creates a conflict of interest, because the receipt of such gifts or entertainment, and/or the prospect of receiving future gifts or entertainment, can incentivize Supervised Persons to direct business to such service providers on a basis other than the cost and quality of the services offered, even in situations where HPS does not consider such items to be lavish or excessive or designed to influence the recipient. On at least an annual basis, but more often quarterly, Supervised Persons are required to complete certifications with respect to their personal accounts, holdings, transactions, political contributions, outside activities and gifts and entertainment for the preceding period.

As part of HPS’s personal trading policy, Supervised Persons of HPS and their associated persons as defined in the Code are required to disclose their personal securities holdings. Trading in securities in personal accounts of Supervised Persons as well as the purchase of any private placement or other private investment is subject to pre-clearance by the Compliance Department. Holding periods (generally 60 calendar days) apply to most securities in personal trading accounts. Securities that have been or may be traded for Client accounts may not be traded in personal trading accounts during certain blackout periods. Generally, no Supervised Person may purchase a security in an initial public offering. Trading in employee accounts is reviewed by the Compliance Department on both a pre- and post-trade basis. The Compliance Department may choose to grant exceptions to the personal trading policy in limited circumstances, based on the consideration of individual facts and circumstances.

Current and prospective Clients and investors may obtain access to a copy of the Code by contacting the Compliance Department at (212) 287-6767.

Employee Investments in HPS Funds or Third Party Funds

As noted above, the principals, employees or other related persons of HPS purchase interests directly or indirectly in one or more Clients from time to time.

Under certain circumstances, and subject to applicable law and relevant regulatory requirements, Clients may invest in connection with a transaction in which HPS, its affiliates and their respective officers, directors, members, employees, stockholders, partners, agents and/or representatives (the “**Affiliated Group**”) have already invested or are expected to invest. Members of the Affiliated Group may trade for their own accounts and may invest in and trade the same securities and instruments that a Client invests in and trades.

In addition, the Affiliated Group manages accounts for other individuals or entities, including entities in which the Affiliated Group or its directors or employees hold an interest, either directly in Third Party Funds or indirectly through investments in HPS Funds. Any of such accounts may (and certain account do) pay different fees, trade with different amounts of leverage or utilize different trading strategies than the Clients. In addition, in certain instances, Clients enter into transactions with such accounts and the Affiliated Group invests in and trade the same securities and instruments on behalf of such accounts that a Client invests in and trades. The Affiliated Group or its personnel may have income or other incentives to favor such accounts. HPS, however, will not knowingly or deliberately favor any such accounts over the Clients in its dealings on behalf of such accounts.

HPS may recommend that certain Clients invest all of their investable assets in other Clients, either pursuant to a master-feeder fund structure or as a means for one Client to participate in the strategy pursued by another Client. In addition, HPS and its affiliates, on the one hand, and one or more Clients, on the other, may invest in different classes of securities of the same issuer, and the classes in which HPS and its affiliates invest may not have the same rights as the classes in which such Clients invest. Moreover, multiple Clients may pursue or enforce rights with respect to a particular issuer, or HPS or its affiliates may pursue or enforce rights with respect to a particular issuer on behalf of one or more Clients, and such actions may not always be favorable to each of the Clients. Finally, as discussed below, in certain instances, personnel of HPS may obtain information about an issuer that is material to the management of certain Clients' portfolios and that could limit the ability of personnel of HPS to buy or sell securities of the issuer on behalf of other Clients.

The principals, employees or other related persons of HPS may from time to time purchase interests in certain Clients that are "master funds" in which certain other Clients invest pursuant to a master-feeder fund structure. Alternatively, such principals, employees or other related persons may invest through a specially designated "feeder fund" designed solely for investment by such HPS related parties, which feeder fund may have certain specialized terms, including the existence of leverage at such feeder fund level.

Personnel of HPS can be expected to have friendships or other personal relationships with personnel and other individuals associated with entities with which HPS does or may seek to do business, including individuals who serve as directors, principals or employees of investors, Clients, and existing and prospective portfolio investments, as well as service providers to the foregoing. Personal relationships may develop out of business-related or other professional interactions, or vice versa. The existence of personal relationships may serve to benefit Clients (for example, by providing networking opportunities through which Adviser personnel could be introduced to potential service providers for Clients) but also creates a potential conflict of interest, by giving rise to incentives for the parties to share business or other professional opportunities, including those relating to the business of HPS, investors, Clients and portfolio companies, in order to enhance or otherwise further their personal relationship, or vice versa, even when doing so may not be in the best interest of the Client. While HPS generally expects conflicts of interest of this nature to be mitigated by the Code of Ethics, it is unlikely that the potential for conflicts of interest relating to personal relationships can be fully mitigated.

Employee Investments in Third Party Entities

In addition, members of the Affiliated Group, including employees of HPS, may make personal investments in third party entities in accordance with the Code (directly or through investment funds managed by third party managers). Such entities may enter into transactions with one or more of the Clients (including obtaining financing from such Clients), presenting a conflict of interest for HPS between acting in the interests of the Clients and enhancing the returns of such personal investments.

Information Sharing; Material Non-Public Information

Due to HPS's investment activities, there are many avenues through which HPS receives material non-public information. As discussed above in Item 8 and elsewhere in this brochure, HPS's ability to trade for the Clients may be impaired, depending on the specific trading instrument in question, which could impact the investment objectives and returns of such Clients until such time that it has been determined that HPS has been cleansed of all relevant material non-public information.

As such, HPS maintains a restricted list which is composed of companies, among other things, whose securities are subject to certain trading prohibitions due to HPS's or its affiliates' business activities.

Employees as Directors of One or More HPS Funds or Third Party Funds

In addition, employees that are invested in one or more Clients may also serve on the board of directors of certain Clients. The Governing Documents of each HPS Fund or Third Party Fund that are provided to each investor discloses such affiliated directorship, where deemed material to such HPS Fund or Third Party Fund, in HPS's discretion.

Cross Trades and Principal and Agency Cross Transactions

Subject to requirements of applicable law, and without limiting the generality of the foregoing, HPS may from time to time cause a Client to sell or transfer a security or an instrument to another Client. HPS may engage in the practice of cross trading, including, in order to "rebalance" the portfolios, where a particular Client needs liquidity, where investment objectives differ, in connection with the wind-down of an HPS Fund or Third Party Fund, to reduce or eliminate transaction costs or market impact, in order to combine or liquidate accounts or otherwise. HPS has adopted policies and procedures designed to appropriately manage the conflicts associated with such transactions.

Certain Clients may engage in principal transactions or agency cross transactions involving HPS, certain affiliates of HPS and Clients managed by HPS as counterparty, in all cases subject to applicable law, including the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). These transactions create a conflict of interest between HPS's interest in assuring that Clients receive best execution on all transactions and in limiting or reducing the fees paid by the Clients, and HPS's interest in generating profits and fees for itself and its affiliates. In order for the Clients to enter into certain principal and agency cross transactions with or through HPS or an affiliate of HPS in an efficient manner that is also consistent with Section 206(3) of the Advisers Act, the board of directors, general partner or investment manager of the Client (or their delegate) may seek the relevant Client's or limited partners' advisory committee approval of, or select a third party unaffiliated with HPS to review and approve or disapprove, any such transactions consistent with applicable law. If a third party is selected, such unaffiliated party may perform other services for Clients, including valuation services.

Relationship with JPM

HPS was established in 2007 as a subsidiary of HCM, which in turn is a subsidiary of JPMAM. JPMAM is a subsidiary of JPM. On March 31, 2016, the principals of HPS acquired HPS and its subsidiaries from JPMAM which retained HCM's hedge fund strategies. In June 2018, affiliates of Dyal Capital Partners ("**Dyal**") (now a business unit of Blue Owl Capital Inc.) made a passive minority investment in HPS. In February 2022, an affiliate of The Guardian Life Insurance Company of America ("**Guardian**") made a passive minority investment in HPS.

In connection with the acquisition, HPS incurred borrowings to finance the acquisition, which may adversely affect the continued operation of the HPS business going forward. New and additional risks may arise relating to HPS as a standalone business and the operation of HPS in the future.

JPM Special Purpose Vehicles

JPM and its affiliates have established various special purpose vehicles (the “**JPM SPVs**”) for certain JPM clients to hold interests in certain HPS Funds or Third Party Funds. HPS does not serve as the investment manager of the JPM SPVs.

J.P. Morgan Private Investments Inc. (“**JPMPI**”), a wholly owned subsidiary of JPM, is the administrator of the JPM SPVs. JPMPI, on behalf of the JPM SPVs, has engaged Harmonic Fund Services (“**Harmonic**”) to provide certain administrative functions to the JPM SPVs. Harmonic also serves as the administrator for certain HPS Funds. JPMPI has no role in the business, operations, investments or investment decisions of HPS Funds, and JPMPI does not serve as administrator to HPS Funds.

Conflicts Related to the Structure of HPS. Affiliates of Dyal and Guardian each holds a passive minority investment in HPS. Dyal, Guardian and other owners of HPS may make investments in other fund advisers, funds and investments that directly compete with HPS, the Clients or the Clients’ investments. Investments by these investors in a Client or a Client’s investment will incentivize HPS to favor such Client or investment over Clients or investments in which these investors do not have an interest. These investors are not required to consider HPS for their other investments or to take the Clients’ interests into account when making their own investment decisions. Certain of these investors are expected to be limited partners of a Client, receive certain beneficial rights, including certain co-investment rights, preferential fees, and/or information about HPS, the Clients and their investments that would generally be considered confidential information. Such preferential terms are generally not subject to the MFN provisions of the Governing Documents of a particular Client and other limited partners may not be able to elect to benefit from such arrangements. Further, the management fee and performance-based compensation will not be used solely to compensate HPS employees and/or HPS and will be shared with the investors in HPS. With respect to its rights to receive management fees and performance-based compensation, HPS may pledge, make a collateral assignment of, or otherwise use as credit support, all or any portion of its rights to receive such amounts, including to support a credit facility used to invest in the Clients. The payment of management fees and performance-based compensation to persons other than the team responsible for managing the Clients reduces the alignment of interests between the general partners, HPS and the investors. Finally, increased reporting, registration and compliance requirements of HPS due to such ownership structure may place the Clients at a competitive disadvantage to the extent that HPS is required to disclose sensitive business information or to devote increased resources to such reporting, registration and/or compliance requirements.

Conflicts of Interest Generally

From time to time, various potential and actual conflicts of interest arise from the overall investment activities of HPS and its affiliates. The following briefly summarizes some of these conflicts, but is not intended to be an exclusive list of all such conflicts. Investors should consult the applicable Client’s Governing Documents for a more complete listing of applicable conflicts. Any references to HPS in this section will be deemed to include its affiliates, partners, members, shareholders, officers, directors and employees.

If any matter arises that HPS determines in its good faith judgment constitutes an actual conflict of interest, HPS will take such actions as it determines in good faith may be necessary or appropriate to ameliorate the conflict (and upon taking such actions HPS will be relieved of any liability for such conflict to the fullest extent permitted by law and shall be deemed to have satisfied applicable fiduciary duties related thereto to the fullest extent permitted by law). These actions include, by way of example and without limitation: (i) presenting a conflict of interest to the respective Client or limited partner advisory committee or

independent conflicts committees in accordance with the applicable Governing Documents and either obtaining a waiver or consent from such Client or limited partner advisory committee or acting in a manner, or pursuant to standards or procedures, approved by such Client or limited partner advisory committee with respect to such conflict of interest, (ii) disposing of, or refraining from investing in, the security or investment giving rise to the conflict of interest; (iii) appointing an independent fiduciary or independent conflicts committee to act with respect to the matter giving rise to the conflict of interest; (iv) disclosing the conflict to the investors and Clients, (v) implementing certain policies and procedures designed to ameliorate such conflict of interest, or (vi) remaining passive and/or electing not to be the lead investor of a tranche of securities (even though a Client may hold the largest stake in the applicable tranche of securities). There can be no assurance that HPS will identify or resolve all conflicts of interest in a manner that is favorable to its Clients. For example, legal or other disputes with market counterparties may be resolved considering overall impact on Clients as a whole, even though such resolution may result in economic harm to a subset of Clients. By acquiring an interest in a Client, each investor therein will be deemed to have acknowledged and consented to the existence or resolution of any such actual, apparent or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest. For the avoidance of doubt, in some cases after evaluating such conflict or potential conflict, HPS may determine that no action is required or that taking action may be adverse to the interest of the Clients or the Affiliated Group.

Specified policies and procedures implemented by HPS to mitigate potential conflicts of interest and address certain regulatory requirements and contractual restrictions will from time to time reduce the synergies across HPS's various business lines and investment strategies that Clients expect to draw on for purposes of pursuing attractive investment opportunities. In addressing these conflicts and regulatory, legal and contractual requirements across its various business lines and investment strategies, HPS has implemented certain policies and procedures that may reduce the positive synergies that Clients could otherwise expect to utilize for purposes of finding attractive investments. For example, as described further below and in Item 8, HPS will from time to time come into possession of material non-public information with respect to companies in which Clients may be considering making an investment. As a consequence, that information, which could be of benefit to a Client, might result in an investment opportunity becoming restricted to other Clients and otherwise being unavailable to such other Clients for investment. Additionally, the terms of confidentiality or other agreements with or related to companies in which any Client has or has considered making an investment will from time to time restrict or otherwise limit the ability of other Clients and/or their portfolio companies and their affiliates to make investments in or otherwise engage in businesses or activities competitive with such companies.

LP Advisory Committee. Members of the limited partner advisory committees of certain Clients (the “**LP Advisory Committee**”) may have significant investments in other Clients, as well as investments in other funds, accounts and issuers similar to the applicable Client and such Client's investments. An LP Advisory Committee member is under no obligation to act in the best interests of the Client as a whole and may choose to act only in the best interests of the limited partner with which such LP Advisory Committee member is affiliated. This may result in potential conflicts of interest. LP Advisory Committee members are not required to identify or disclose situations in which they have a conflict of interest or to recuse themselves on account of such interest.

The LP Advisory Committee of a Client has been granted the authority to provide certain approvals and consents pursuant to the applicable Governing Documents. In addition, the applicable general partner or investment manager may consult with the LP Advisory Committee and/or seek its consent for matters that are not specifically contemplated in the Governing Documents. In those situations, the views expressed by the LP Advisory Committee with respect to such matters (or the lack of objections thereto) will represent the decision of the applicable Client and will be binding on the Client's investors.

LP Advisory Committee members may receive information regarding the proposed investment activities of the applicable Client that is not generally available to the public or other investor of such Client. There will be no obligation on the part of any LP Advisory Committee member to make available for use by the Client any information or strategies known to or developed by it and, in certain cases, they may be prohibited from doing so. Furthermore, LP Advisory Committee members cannot be expected to be experts in credit investments, and certain of the LP Advisory Committee's determinations may, in fact, adversely affect the performance of the applicable Client.

Competition Among the HPS Funds, Third Party Funds and Other Affiliated Group Accounts

Investment Advisory Services to Multiple Clients

The Affiliated Group engages in non-exclusive advisory and management services for multiple collective investment vehicles and managed accounts (each, an “**Affiliated Group Account**” and together, the “**Affiliated Group Accounts**”). Those activities include managing assets of employee benefit plans that are subject to ERISA and related regulations. As discussed in Item 4 above, the Affiliated Group may sponsor or manage additional collective investment vehicles and managed accounts in the future. The Affiliated Group may employ the same or different investment strategies for the various Affiliated Group Accounts it manages or otherwise advises. Investment opportunities that may potentially be appropriate for the Clients that pursue one investment strategy may also be appropriate for other Affiliated Group Accounts. Thus, such Affiliated Group Accounts compete with such Clients for positions and may compensate the Affiliated Group better than such Clients. Investments which are within the investment objective of a Client may be allocated to other Affiliated Group Accounts, and there is no assurance that such Client will be allocated those investments it wishes to pursue. In addition, investors should note that such other Affiliated Group Accounts may use varying degrees of leverage, often on different terms with different counterparties, and are expected to be subject to different fee structures (including fee structures where HPS and/or its affiliates receive investment proceeds or investment-related income (such as upfront fees, commitment fees and/or original issue discount) in lieu of management fees and/or carries interest) and/or liquidity terms and focus on different investments than such Client. Investments of such other Affiliated Group Accounts and a Client may not, and often will not, be parallel for such and various other reasons, including different inflows and outflows of capital, variations in strategy, liquidity terms, governmental limitations on investment and other differences. The results of the investment activities of a Client may differ significantly from the results achieved by Affiliated Group Accounts that implement the same or a similar investment strategy as such Client.

Under certain circumstances, a Client may invest in connection with a transaction in which Affiliated Group Accounts have already invested or are expected to invest. Under other circumstances, an Affiliated Group Account may invest in a portfolio company in which a Client has already invested or is expected to invest and may invest in a Client itself. In some cases, HPS may invite Affiliated Group Accounts to co-invest with a Client because, for example, the investment opportunity is larger than the target investment amount for the Client or because co-investing with Affiliated Group Accounts may provide the Client or the portfolio company in which the Client invests with certain benefits. In such cases, the amount available for investment by the Clients may be correspondingly reduced to permit the Affiliated Group Accounts the opportunity to co-invest. Where an investment is allocated among a Client as well as one or more Affiliated Group Accounts, such investment opportunity is expected to be allocated based on such factors as HPS deems appropriate, including Investment Allocation Factors. The Clients may also partner with other entities in which the Affiliated Group holds an investment or with which the Affiliated Group has a significant business relationship.

Where a Client invests in the same issuer as an Affiliated Group Account, the terms of the Client's investment, or the type of instrument purchased, are, from time to time, different from the terms of the

Affiliated Group Account's investment or the type of instrument the Affiliated Group Account purchases. From time to time, the Affiliated Group Accounts may be given certain governance or other rights or may be subject to terms and conditions that are more favorable than those applicable to a particular Client. In addition, the issuer's performance and the investment's costs basis could vary among Clients. Conflicts could arise after different Clients make investments in the same issuer related to the issuer's strategy, growth and financing alternatives and with respect to the manner and timing of the Clients' exits, especially if the issuer experiences financial or operational difficulties. In such circumstances, HPS will have a conflict of interests in managing divergent interests of different Clients and HPS's decisions could turn out to be more beneficial to a particular Client than to other Clients. Further, investments could benefit one or more of Clients disproportionately over another Client. Conversely, one or more Clients' interests in one or more investments may, in the future, be adverse to that of another Client, and HPS will be incentivized not to undertake certain actions on behalf of a Client in connection with such investments, including the exercise of certain rights such Client may have, in view of the investment by other Clients in such investments.

Positions taken by Affiliated Group Accounts may also dilute or otherwise negatively affect the values, prices or investment strategies associated with investments held by a Client. For example, this may occur when investment decisions regarding the Client are based on research or other information that is also used to support portfolio decisions for other Affiliated Group Accounts. When an Affiliated Group Account implements a portfolio decision or strategy ahead of, or contemporaneously with, similar portfolio decisions or strategies for a Client (whether or not the portfolio decisions emanate from the same research analysis or other information), market impact, liquidity constraints, or other factors could result in the Client receiving less favorable investment results. The costs of implementing such portfolio decisions or strategies could be increased or the Client could otherwise be disadvantaged.

In addition, during the terms of the relevant Clients, HPS may sponsor or manage collective investment vehicles or managed accounts that employ a similar strategy as one or more of the Clients and may permit existing or future funds to have exclusive rights to certain investment opportunities. As a result, the Clients may not be afforded the chance to participate in attractive investment opportunities in which other Affiliated Group Accounts are given the opportunity to participate, or in some cases may be allocated a small part of an investment opportunity within the investment objectives of the Clients when other Affiliated Group Accounts are allocated a larger portion. A Client may be prohibited (due to, for example, regulatory limitations or exclusivity rights granted to other investment funds) from pursuing certain investment opportunities and may find that its ability to participate in any particular opportunity may be substantially limited. Moreover, the Client and an Affiliated Group Account may jointly originate or otherwise acquire a portfolio of loans, a unitranche loan or other assets with a view to dividing up the loans or other assets between them in accordance with their investment mandates, including where the revolver portion of a financing package is expected to be provided by a Client or Affiliated Group Account (such as a fund primarily formed to invest in revolvers) that differs from the Client or Affiliated Group Account investing in the term loan or other debt instrument issues by the same issuer. In this circumstance, HPS will determine the terms and conditions relating to the investment, including the purchase price associated with each loan or other asset (or portion thereof), which price may not represent the price the Client would have paid if it had invested only in the loan or portion of the loan it ultimately retains. In certain circumstances, the Client may have residual liability for assets that were allocated to the Affiliated Group Account.

Without limiting the generality of the foregoing, the Affiliated Group will invest for its own account and manage accounts for other individuals or entities, including entities in which the Affiliated Group or its related persons may hold an interest. In some cases, the Affiliated Group participates indirectly (through investments in private investment entities) in strategies that HPS establishes and pursues on behalf of its Clients. In such cases, the Affiliated Group, unlike the Clients, will generally invest on a fee-free basis and, invest with enhanced leverage and potentially different terms than certain Clients. In addition, a Client may

enter into transactions with such accounts, and the Affiliated Group may invest in the same securities and instruments on behalf of such accounts. The Affiliated Group or its personnel will have income or other incentives to favor such accounts. The records of any such investments by members of the Affiliated Group will not be open to inspection by Fund Investors. HPS, however, will not knowingly or deliberately favor any such accounts over any Client in its dealings on behalf of such accounts.

In addition, members of the Affiliated Group, including employees of HPS, may make personal investments in third-party entities (directly or through investment funds managed by third-party managers). Such entities may enter into transactions with a Client, presenting a conflict of interest for HPS between acting in the interests of such Client and enhancing the returns of such personal investments.

SPACs

Affiliates of HPS have and in the future HPS and/or its affiliates may sponsor special purpose acquisition companies (each, a “**SPAC**”), in their initial public offering (“**IPOs**”). A SPAC is a publicly traded company formed for the purpose of raising capital through an IPO to fund the acquisition, through a merger, capital stock exchange, asset acquisition or other similar business combination of one or more operating businesses. In the event that a SPAC is unable to locate and acquire target companies by the deadline, the SPAC would be forced to liquidate its assets, which may result in losses due to the expenses and liabilities of the SPAC.

SPACs sponsored by HPS and/or its affiliates will not have priority over investments that are appropriate for Clients and Clients are not expected to invest in or alongside any HPS SPACs. However, HPS will invest in, and expects to benefit substantially from the founder shares and warrants in connection with, SPACs sponsored by HPS and/or its affiliates, which may create conflicts of interest over time, including where companies in which such SPAC invests are competitors of companies in which Clients invest. In addition, the devotion of time and effort of certain officers or employees of HPS and/or its affiliates to the business of such SPACs could be viewed as creating a conflict of interest in that the time and effort of such officers or employees of HPS and/or its affiliates will not be devoted exclusively to the business of the Clients but will be allocated between the business of the Clients and other business activities, including the management of the assets of such SPACs. Additionally, certain HPS employees currently serve and in the future may serve as directors and/or officers of SPACs. Such employees face a conflict between the duties owed to the Clients and the duties owed by such persons to such SPACs. There can be no assurance that the board membership of an HPS employee and/or the involvement of certain members, partners, officers, managers or employees of HPS with respect to such SPACs, in each case, will result in favorable results for the Clients.

HPS Commitment

HPS provides capital commitment to certain Clients, which may be satisfied by HPS, its affiliates and/or certain other related entities or persons. Investments by HPS, its affiliates and such other related entities or persons in or alongside Clients will be on terms more favorable than those of other investors. Management fees and performance fees payable in respect of the HPS commitment are expected to be waived, which treatment will not be available to other investors pursuant to “most favored nations” provisions or otherwise.

In addition, because of the nature of the entities and persons expected to make the HPS commitment, a portion of the HPS commitment is expected to be satisfied directly or indirectly by investors that (a) are not responsible for the management of the Clients, (b) may be beneficially owned by third parties who are not affiliated with HPS and (c) may have different objectives than HPS. As a result, in certain circumstances such investors may not have a complete alignment of interest with other investors. Furthermore, a substantial portion of any HPS commitment is expected to be made by employees of HPS (or their estate

planning vehicles and charitable foundations), and such commitments are, in many cases, funded using a significant amount of leverage. Furthermore, in the event that any such investors that are satisfying the HPS commitment have capital constraints in the future, such constraints could influence investment decisions made by HPS in respect of such Clients. To the extent that the HPS commitment is made by employees of HPS (or their estate planning vehicles and charitable foundations), there is no guarantee that such employees are involved in the management of the Clients or that such employees will remain with HPS through the term of the Funds. Subject to the terms of the Governing Documents, there are no restrictions on transfers by the persons and entities that initially make the HPS commitment.

Clients with Conflicting Positions

Certain Clients have in the past made, and are expected to make, investments in companies in which another Client holds an investment in a different class of such company's debt or equity. In such circumstances, HPS faces certain conflicts in making decisions with respect to such securities given their different rights and economic interests in the company that may have an adverse effect on one or more of the Clients. Generally speaking, HPS expects that a Client will make such investments when, at the time of its investment, HPS in its sole discretion believes that (a) such investment presents an attractive investment opportunity for each eligible Client and (b)(i) the possibility of actual adversity between Clients is remote or (ii) in light of the particular circumstances, HPS believes that such investment is appropriate for the eligible Client, notwithstanding the potential for conflict. In such circumstances, the purchase price received by the Client with the more senior interest may be equal to the par value of the interest, irrespective of the fair market value of the applicable securities. HPS may, to the fullest extent permitted by applicable law, take other steps to reduce the potential for adversity between each Client, including causing the first account to take certain actions that, in the absence of such conflict, it would not take, such as (i) remaining passive in a restructuring or similar situations (including electing not to vote or voting pro rata with other security holders), (ii) investing in the same or similar classes of securities as the second Client in order to align their interests, (iii) divesting investments in whole or in part, (iv) appointing an unaffiliated third-party agent to act on behalf of either the Fund or such Affiliated Group Account or (v) otherwise taking an action designed to reduce adversity. Any such step could have the effect of benefiting one Client or HPS or its affiliates and might not be in the interests of or may be adverse to another Client. In addition, HPS may cause the Client with the subordinated interest to purchase all of the more senior securities held by the other Client at the par value or other consideration for such securities, which may result in an outsized position by the purchasing Clients. In such circumstances, the purchase price received by the Client with the more senior interest is unlikely to represent the fair market value of the applicable securities and may result in a premature exit from the investment by such Client, or an additional investment in a portfolio company with an uncertain outlook for the Client with the subordinated interest.

In addition, Clients expect to invest in different instruments or classes of securities of the same issuer where certain Clients own the majority of, or otherwise control, one or more of such different instruments or classes of securities. As a result, one or more Clients may have different investment objectives or pursue or enforce rights with respect to a particular issuer in which another Client has invested, and those activities may have an adverse effect on the Client. For example, where an issuer experiences financial or operational difficulties, if a Client holds subordinated and unsecured debt, and another Client holds senior secured debt instruments, of the same issuer, the latter Client may enforce or help other senior secured creditors enforce their rights against the issuer and as a result, the former Client's investment may be reduced substantially or to zero. If a Client holds voting instruments with respect to any debt or equity of an issuer and another Client does not hold such power, HPS or its affiliate, acting on behalf of the former Client, may vote on certain matters in a manner that has an adverse effect on the positions held by the latter Client (e.g., regarding whether the Client agrees to waive certain covenants or make certain amendments). Conversely, if a Client holds voting instruments of an issuer, HPS or its affiliate's vote on behalf of such Client on certain matters may end up benefiting the other Clients and harming the Client with voting instruments,

especially with the benefit of hindsight (*e.g.*, if the Client agrees to certain covenant, waivers or amendments, but the issuer and the Client's investment in such issuer end up getting further impaired). The conflicts of interest associated with investing in multiple layers of an issuer's capital structure become more acute when the issuer experiences financial or operational challenges and/or if debt tranches owned by one or more Clients become equitized such that those Clients become borrowers of the other Clients.

As described above, to the extent a Client holds securities that are different (including with respect to relative seniority) than those held by another Client in the same issuer, HPS could have conflicting loyalties between its duties to such Clients. There can be no assurance that the term of or return on a Client's investment in an issuer will be equivalent to or better than the term of or returns obtained by the other Clients participating in such investment. Similarly, the ability of HPS to implement the Client's strategies effectively may be limited to the extent that contractual obligations entered into in respect of activities of HPS and/or its other Clients impose restrictions on such Client engaging in transactions that HPS may be interested in otherwise pursuing.

The Clients that employ one investment strategy may be negatively impacted by the activities by or on behalf of Clients of another investment strategy, and transactions for the Clients that employ one investment strategy may be impaired or effected at prices or terms that may be less favorable than would otherwise have been the case had a particular course of action not been pursued with respect to the Clients that employ a different investment strategy. In certain instances, personnel of HPS (including in the capacity as a director of a portfolio company of a Client) may obtain information about an issuer thereby limiting HPS's ability to buy or sell securities of the issuer on behalf of other Clients. These conflicts are magnified with respect to issuers that undergo restructuring or become insolvent. It is possible that in connection with a restructuring, insolvency, bankruptcy or similar proceeding the Clients may be limited (by applicable law, courts or otherwise) in the positions or actions they may be permitted to take due to other interests held or actions or positions taken by Clients of a different investment strategy.

Although it is expected that the Clients will, when they co-invest alongside one or more other Clients, generally dispose of their interests in an investment in the same proportion as, and on the same terms as, the other Clients dispose of their interests in such investment, subject to legal, tax, regulatory or other considerations, as determined by the relevant general partners or investment managers in their sole discretion, there can be no assurance that the interests in an investment held by the Clients will be harvested on as favorable terms as the interests in such investment held by the other Clients. Further, the disposal by another Client may depress the market value of the continuing investment of certain Clients or may reduce the price or the availability of interested buyers of such securities held by the continuing Clients, which may also be disposing of their investment.

In addition, the terms of the Clients' investment, including the type of security purchased, may be different from the terms of another Client's investment or the type of security the Client purchases. Conflicts could arise after a Client, on the one hand, and other Clients, on the other hand, make investments in the same issuer with respect to the issuer's strategy, growth and financing alternatives and with respect to the manner and timing of the one Client's exit from the investment compared to the other Client's exit. Should one Client invest in a different type of security from the security purchased by another Client, additional conflicts can arise, particularly if the issuer experiences financial difficulties.

Certain Clients may also have short positions in the same security or instrument or a different security or instrument in the same issuer as a security or instrument purchased by other Clients, which presents additional conflicts, particularly if the issuer experiences financial difficulties.

Asset-Based Financing Among Clients

Certain Clients may invest in, and have invested in, asset-based loans to third-party investment funds (a “**Fund Issuer**”) as described in “Asset-Based Financing by Clients” in Item 8. As a result, if the Fund Issuer has invested in the equity of an Underlying Portfolio Company, the performance of the applicable Clients’ investments will be linked, in part, to the performance of the equity of such Underlying Portfolio Company (despite the fact that such Clients have not invested in such Underlying Portfolio Company). To the extent that one or more Affiliated Group Accounts have also invested in a different part of the capital structure of an Underlying Portfolio Company, potential conflicts of interest may arise between such Clients and such Affiliated Group Accounts (particularly if the Fund Issuer or the Underlying Portfolio Company experiences financial difficulties). For example, an Affiliated Group Account may be invested in the senior secured debt of such Underlying Portfolio Company and, as a senior lender to such Underlying Portfolio Company, may take actions that adversely affect the equity holders of such Underlying Portfolio Company, including the Fund Issuer (and, indirectly, the applicable Clients). Conversely, if certain Clients hold a controlling position in, or otherwise hold an interest in a more senior layer of capital structure of an Underlying Portfolio Company and an Affiliated Group Account extends the foregoing asset-based loan to the Fund Issuer, then HPS, on behalf of such Clients, may be incentivized not to take certain actions with respect to the Fund Issuer (and, indirectly, such Affiliated Group Accounts) that HPS otherwise would have taken if a third party (instead of an Affiliated Group Account) had extended such loan to such Fund Issuer, which may adversely affect applicable Clients. In this way, the conflicts of interest described in “Competition among the HPS Funds, Third Party Funds and Other Affiliated Group Accounts” will apply not only where Clients and Affiliated Group Accounts invest in the same portfolio company, but also where a Fund Issuer (to which certain Clients have extended an asset-based loan) and an Affiliated Group Account have invested in the same portfolio company (or vice versa).

HPS Fund or Third Party Fund Investments in HPS CLOs

As discussed in Item 5 above, certain Clients, in particular those with structured credit strategies as a part of their investment program, have and may continue to invest in one or more HPS CLOs and an affiliate of HPS organized to manage CLOs in compliance with CLO risk retention requirements. There are conflicts of interest associated with a Client’s purchase of CLO securities issued by an HPS CLO. HPS will be incentivized to recommend an investment in an HPS CLO to enable it or its affiliate to launch such HPS CLO and to encourage other market participants to invest in such HPS CLO. Conversely, where an HPS CLO is deemed to be an attractive investment opportunity for a Client, HPS may not be incentivized to invest such Client’s capital in such HPS CLO, due to the fact that such investment would cause a reduction of collateral manager’s fees. Where a Client owns a controlling position of the CLO equity of an HPS CLO, it may be in the Client’s interest to “call” the deal and cause the redemption of the CLO securities in certain circumstances, but it would be detrimental to the collateral manager of the CLO. Similar conflicts of interest exist in HPS’s exercise (or failure to exercise) such Client’s other rights as holder of such CLO equity. Similarly, a Client’s investment in the HPS CLO manager creates conflicts of interest for HPS. Although HPS believes that the returns of such investment will generally be attractive, the Client’s investments and provision of risk retention capital also enhance HPS’s ability to establish and scale its CLO business.

Allocation of Investment Opportunities

As described in the relevant Governing Documents, HPS expects to allocate investment opportunities to one or more Clients for which the investment is appropriate, considering such Clients’: (i) available capital (including percentage of capital commitments remaining), (ii) size of the investment opportunity, (iii) structure of the transaction, (iv) the expected investment pipeline, (v) investment strategies, guidelines and restrictions, (vi) concentration limits or target number of investments or vice versa, *i.e.*, concentration targets and limited number of investments, which would yield larger allocations of suitable investments, (vii) the timing and expected duration of the investment, (viii) legal, tax regulatory and accounting considerations, including ERISA, (ix) desired participation in any opportunistic secondary transactions (x)

the amount of leverage available or, as determined by the investment manager, expected to be available with respect to such investment and any applicable restrictions related to the use and terms of such leverage, (xi) the nature and size of existing portfolio holdings, (xii) portfolio cash positions and any applicable liquidity or fund life cycle constraints (such as wind-down, and ramp-up periods, remaining investment period and termination date), (xiii) risk/return objectives (xiv) round-lot position size, (xv) structure of the investment (including whether a delayed-draw investment, revolver or line of credit is part of, and/or cannot be separated from such investment), (xvi) availability of counterparty relationships needed to effect the transaction, (xvii) management of potential or actual conflicts of interest by HPS, and (xviii) regulatory requirements or guidelines, including those relating to the Exemptive Order (and generally in respect of joint transactions as described in Item 8 – Regulated Funds) applicable to allocating investment opportunities to one or more other Client requiring allocations (collectively, the “**Investment Allocation Factors**”). Accordingly, the allocation of an investment to the Client may vary between HPS’s identification of an investment opportunity and the consummation of such investment opportunity. However, as disclosed in the relevant Governing Documents, certain investment opportunities are not required to be allocated to all Clients (such as “overflow” or “co-investment” Clients established to receive allocation of investment opportunities to the extent of available capacity after allocation to certain other Clients), thus certain Clients will have priority over a particular category of investment opportunities. As a result, investment opportunities that may be appropriate for one or more of the Clients may not be made available to them by HPS. In addition, investment opportunities that are appropriate for multiple Clients will be allocated between the Clients in accordance with the procedures described in the relevant Governing Documents and as discussed below.

After the formation of a successor fund, if the commitment period of the relevant predecessor fund has not yet terminated and such Clients have sufficient available capital to commit to new investments, new investment opportunities will be allocated between the predecessor funds and successor funds in such manner that HPS and the relevant general partners or investment managers of the predecessor funds and successor funds determine in their reasonable discretion is appropriate in light of the circumstances of such investment opportunity, including the Investment Allocation Factors.

The Clients may also partner with other entities in which the Affiliated Group holds an investment or with which the Affiliated Group has a significant business relationship as discussed in Item 10 above.

Subject to applicable law, including, but not limited to, ERISA, HPS has developed policies and procedures that provide that it will allocate investment opportunities and make purchase and sale decisions among Clients in a manner that it considers, in its sole discretion and consistent with its fiduciary obligation to the Clients, to be reasonable over time. In many cases, these policies may result in the pro rata allocation of limited opportunities across Clients’ accounts pursuing similar investment strategies (and to “overflow” Clients’ accounts to the extent of available capacity), generally based on net asset value of the account or available or committed capital (*e.g.*, in the case of a new purchase) or position size held by the applicable Client accounts (*e.g.*, in the case of an add-on investment). In many other cases, however, the allocations may not be pro rata on such basis and may instead reflect numerous other factors based upon HPS’s assessment of an efficient use of such limited opportunities relative to the investment objectives, limitations, and requirements of each Client and application of a variety of factors, including those described herein and any additional factors HPS may determine are relevant from time to time. Because certain Clients pay higher fees and/or incentive compensation to HPS, HPS will be conflicted in making such determinations. HPS seeks to treat all Clients reasonably in light of all factors relevant to managing an account, and in some cases it is possible that the application of the factors described herein, as well as any additional factors HPS may determine are relevant from time to time, may result in allocations in which certain Clients may receive an allocation when other Clients do not. In addition, as noted above, Clients should note that certain Clients have priority with respect to a particular investment strategy and that certain “overflow” or “co-investment” Clients that are established to receive an allocation to the extent of investment capacity will not always

receive an allocation of an investment opportunity that may be appropriate for its portfolio. Similarly, HPS may cause the liquidation of positions for Clients in its discretion in accordance with the foregoing principles. Such allocations or liquidations may benefit one Client over another or may be detrimental to one or more other Clients. Certain Clients may be restricted from making some types of investments due to: (i) regulatory prohibitions, such as with respect to “new issue” securities; (ii) investment guidelines and restrictions applicable to such clients; or (iii) differing investment objectives, policies or risk parameters.

As mentioned above, due to specific guidelines and investment parameters for individual HPS Funds and any similarly managed Third Party Funds, pro rata allocations are not always appropriate. Allocation decisions are also made dependent upon each HPS Fund’s or similarly managed Third Party Fund’s holdings, positioning and objectives at the specific time an allocation is made. Some of the factors that may be considered during the allocation process include, but are not limited to, investment strategies, investment guidelines and restrictions (with, for example, clients with restrictions not participating in an investment, having a smaller allocation to an investment or larger allocation to an investment (due to the portfolio manager’s judgment that such restrictions result in such narrow investment universe that, in order for such Clients to be as fully invested as other clients, they need larger allocations of eligible investments)), concentration limits, tax and regulatory issues, the nature and size of existing portfolio holdings (including reduced allocations for HPS Funds or Third Party Funds that have limited remaining capital commitments available), portfolio cash positions (with, for example, clients with high cash amounts receiving larger allocations and clients fully invested receiving no or smaller allocations), risk/return objectives, availability of leverage for certain investments to meet such investment objectives (with, for example, clients with a high risk/return profile not receiving an allocation if leverage is not available for such investment or clients with available leverage receiving higher allocation due to their ability to invest greater amounts), any applicable liquidity constraints (including the applicable Clients’ wind-down and ramp-up periods, remaining investment period, and termination or redemption terms), round-lot position size, availability of counterparty relationships needed to effect the transaction, management of potential or actual conflicts of interest by HPS, and the portfolio management team’s target allocations to particular sectors, geographies, ratings or investment types, which targets may be adjusted from time to time in HPS’s discretion and other Investment Allocation Factors. In addition to the factors described in the immediately preceding sentence because the investment objective of certain Third-Party Funds formed at a later date to, among other things, to co-invest alongside certain HPS Funds, may differ from the investment objective of such HPS Funds, such Third-Party Funds may participate in some, but not all, investments made by such HPS Funds or make one or more investments that such HPS Funds do not make. Furthermore, such Third Party Funds may be allocated a larger share of investments made after they are formed so that such Third-Party Funds are invested on a similar timeline as the such HPS Funds, notwithstanding that the Third-Party Funds did not participate in investments made by the HPS Funds before the Third-Party Funds were formed. Allocations done in this manner would result in the Third-Party Funds having more concentrated portfolios with exposure to fewer overall investments than the HPS Funds. In connection with the full or partial liquidation of a Client’s assets, HPS may identify one or more other Clients eligible to purchase such liquidated assets. In such cases, the identification of eligible Client purchasers (and the assets allocable to such purchaser) may entail certain additional allocation criteria (in addition to those set forth above), including the extent to which such Client purchaser is suitable, in HPS’s determination, to participate in a “block trade,” the extent to which it holds an existing position in such investment(s) and the nature of the investments, taken as a whole.

Whether one or more of the foregoing factors will apply in the case of a given investment will be determined by HPS, in its sole discretion. It is expected that application of such factors will vary from investment to investment, and the types of allocation considerations used in HPS’s allocation methodology will vary over time. As a result, HPS will exercise a certain level of discretion during the allocation process and will seek to accompany an allocation decision with an appropriate explanation of such decision. Moreover, each HPS portfolio manager (together with his or her respective portfolio management team) are given discretion to

construct portfolios for the clients whose assets they manage, and there can be no assurance that accounts with similar objectives and/or investment guidelines will participate in the same investments or participate in investments ratably or divest from the same investment at the same time or under the same terms, particularly in cases where the accounts are managed by different portfolio management teams at HPS with divergent views on particular investments.

HPS may decline an investment opportunity on behalf of a Client to the extent HPS determines, in its discretion, that such investment may (a) have reputational considerations for the Client's investors, HPS or the Client, (b) implicate considerations under HPS's or a Client's investor's environmental, social and corporate governance policy, (c) to HPS's knowledge, have been the subject of concern or controversy among financial institutions, institutional investors or the public or (d) give rise to other considerations deemed relevant to HPS in its sole discretion. In certain cases, such an investment may be allocated to other Clients that have consented to the investment or do not, in HPS's discretion, have such considerations, in lieu of the investment being allocated to the Client.

In some cases, HPS may decline such an investment altogether and such investment may be consummated by a competitor (including following a referral of the investment by HPS to such competitor).

Co-Investment Allocations

If the amount of an investment opportunity available to the HPS Funds and Third Party Funds that are generally established to receive primary allocation of investment opportunities associated with an investment strategy or similar investment strategies, as determined by HPS (referred to together within this section as the "**Primary Funds**") exceeds the amount that HPS and the relevant general partners or investment managers determines is desired to be invested by the Primary Funds, co-investment opportunities may be made available to one or more HPS Funds or Third Party Funds (or similar accounts or programs) established to participate in co-investment opportunities in such strategy or related strategy, Clients that pursue a different investment strategy, the Affiliated Group or any third parties, including sourcing, operating and/or joint venture partners (referred to collectively within this section as "**Co-Investors**"). In this situation, such excess portion of each investment will be allocated to the applicable Co-Investors taking into account, amongst other things, the level of allocation priority agreed with such Client, the extent to which such Client has consented to participate in such investment (if applicable), the extent to which the investment represents a follow-on opportunity for one or more Client, the number of Co-Investors participating in the investment, as well as each other allocation factor list above in "Allocation of Investment Opportunities." The factors taken into account in allocating investments among the HPS Funds may change over time, and the allocation methodology used for allocating one investment may differ from the methodology used for allocating another investment. Accordingly, the allocation of an investment to the Primary Funds may vary between HPS's and the relevant general partner's identification of an investment opportunity and the consummation of such investment opportunity. For example, the allocation to the Primary Funds may increase or decrease depending on HPS's or the relevant general partner's ability to identify and consummate co-invest transactions in such timeframe. As explained in the relevant Governing Documents, HPS may, subject to legal, tax, regulatory and other considerations, permit one or more Co-Investors to participate, on a preferred basis, in co-investment opportunities alongside the Primary Funds, where participating Co-Investors will have increased (and potentially disproportionate) exposure to the relevant investment. Such Co-Investors may have significant relationships with HPS or its affiliates, which could present certain conflicts of interest. In particular, it is expected that certain Co-Investors (including entities controlled by or affiliated with the relevant general partners, HPS and their respective affiliates, as well as strategic investors and third parties, including sourcing, operating and/or joint venture partners) will be granted preferential co-investment rights, if, for example, such Co-Investors commit capital to co-investment opportunities, grant HPS discretion to select co-investments, pay performance-based compensation and/or management fees with respect to co-investments, are otherwise advisory Clients

of HPS or its affiliates focusing on the same or a related investment strategy (including co-investment funds and accounts), have demonstrated, or are expect to possess, the willingness and/or ability to review and consummate co-investments within the required timeframe, or have a significant or strategic relationship with the Affiliated Group (such as sourcing or operating partners or strategic investors).

In some cases, HPS may invite strategic investors to co-invest with the Primary Funds because, for example, co-investing with a strategic investor may provide the Primary Funds or the portfolio company in which the Primary Funds invest with certain benefits. Strategic investors may include investors controlled or affiliated with the Affiliated Group or investors with large or long-standing relationships with HPS. In such cases, the amount available for investment by the Primary Funds may be correspondingly reduced to permit a strategic investor the opportunity to co-invest. In some cases, co-investment opportunities may be offered on a fee-free basis and in other cases, participation in co-investments may be subject to a management fee and/or performance-based compensation.

HPS has the discretion to grant co-investment rights and to determine the terms of any co-investment by the HPS Funds or Third Party Funds, and the terms on which the Affiliated Group, strategic Co-Investors and other Co-Investors may co-invest in an investment opportunity may be substantially different, and potentially more favorable, than the terms on which the Primary Funds invest. Generally, Co-Investors will invest in a transaction directly alongside the Primary Funds. In certain cases, HPS may offer co-investments where the investment is an appropriate size for a Client because the co-invest provides strategic or other benefits to the portfolio company, the Clients or HPS. Additionally, certain Co-Investors, including strategic Co-Investors and sourcing, operating partners and joint venture partner vehicles engaged with respect to the Primary Funds, will have different exposure to a portfolio company than the Primary Funds, for example, by investing in different tranches than the Primary Funds or by participating in multiple tranches in proportions that differ from the proportions held by the Primary Funds. In other cases, the Primary Funds may guarantee the obligations or other liabilities of Co-investors or sourcing, operating and joint venture partner vehicles. There can be no assurance that such guarantees will not have adverse consequences for the Primary Funds, including if there is a default and the Primary Funds are required to satisfy such obligation. Similarly, if a Co-investor delays or defaults on a funding obligation to an investment, the Primary Funds may be required to fund the shortfall, either on a temporary or permanent basis, which would increase the Primary Funds' exposure to the relevant investment. While in some cases the Co-investors may reimburse the Primary Funds for such amounts (plus interest thereon), in other cases, the Primary Funds may not be able to recover such amounts with interest or at all. For the avoidance of doubt, any arrangement that HPS or its affiliates enters into with a limited partner that facilitates such limited partner's participation in co-investments will be outside of, and apart from any Primary Fund's partnership agreement or any side letter relating to such limited partner's investment in the Primary Fund. In addition, on occasion, one or more of the Primary Funds, particularly, a domestic HPS Fund or Third Party Fund, in order to consummate a transaction and to ensure the Primary Funds are afforded an investment opportunity or otherwise, may commit to an investment or fund on behalf of certain Co-Investors and transfer or sell down a portion of the investment to such Co-Investors at a later time. Once a co-invest transaction is consummated, the Co-Investors may have limited ability to, or may not be required to, make follow-on investments alongside the applicable Primary Fund, potentially creating negative consequences for such Primary Fund, including an increased amount of capital required for follow-on investments for the Primary Fund or a misalignment of interests between the Primary Fund and such Co-Investors. The Primary Funds may or may not receive compensation for such activities. In the event that the Co-Investors fail to purchase the investment from the Primary Funds, the Primary Funds will have an allocation to an investment that is larger than originally anticipated and may sell down a portion of an investment at a loss in order to "right-size" or "de-risk" the position or may continue to hold such position presenting a risk that negative performance of such investment would have a larger impact in the case of such increased position size. For the avoidance of doubt, there is no assurance that such co-investment

opportunities will arise or that investor will be granted any co-investment rights, and the Partnership Agreements do not require any such co-investment opportunities to be offered to investors.

Where the Primary Funds co-invest alongside one or more Co-Investors, including the Affiliated Group, HPS will determine the appropriate allocation of investment-related expenses, including broken-deal expenses incurred in respect of unconsummated investments, among the Primary Funds and such Co-Investors. In some circumstances, expenses may be allocated pro rata among all of the Primary Funds (and, if applicable, all Co-Investors) even if expenses were incurred only with respect to one or more Primary Funds or Co-Investors, as applicable. Conversely, the allocation of such expenses may not be pro rata based on the portion of a particular investment that each vehicle makes or would have made had the deal closed. For example, in a situation where the Co-Investor seeks to participate in an investment on an overflow basis, such Co-Investor generally will not bear broken deal or other expenses related to the investment, in which case the Primary Funds will bear a disproportionately large share of such expenses.

Certain Clients may be given the opportunity to participate in joint venture arrangements or other strategic sourcing or similar arrangements that are not also offered to other Clients. As a result, the Clients that participate in such arrangements will receive the benefits of participation, including potentially allocation of investments originated by the joint venture partner that are not shared with Clients who are not participants.

Delayed Draw, Revolver Investment or Line of Credit Obligation Allocations

As discussed in Item 8 above, Clients generally expect to participate in one or more investments that are structured as “delayed draws,” “revolvers” or “lines of credit” with funding obligations that extend past the initial date of investment. Later funding obligations related to such investments may not be allocated pro rata among all Clients that participated in the initial funding of an investment. In particular, Clients may participate in the initial funding of an investment, but may not participate in later-arising funding obligations (*i.e.*, the revolver, delayed draw or line of credit portions) related to such investment, including because they are not able (via credit facility or otherwise) to fund such obligations on the required timeline or because it is not advisable that such Clients reserve additional uninvested capital for future drawdowns, as determined in HPS’s sole discretion based on factors including such Client’s existing unfunded commitments relative to remaining investable capital, investment period, overall duration and risk/return targets or where a Client has capacity restraints. As a result, certain of the Clients may be allocated a smaller or larger portion of delayed draw or revolver investments than other Clients participating in the investment. Clients that participate in the initial funding of an investment may receive certain economic benefits in connection with such initial funding, such as original issue discount, closing payments, or commitment fees and these benefits are expected to be allocated based on participation in the initial funding, regardless of participation in future funding obligations. In addition, where certain Clients have not participated in each funding of an investment on a pro rata basis with other Clients, conflicts of interest will arise between the Clients as the interests of each such Client may not be completely aligned with each other Client with respect to such investment. In that regard, the revolver, delayed draw or line of credit portion of an investment may be senior to the other instruments issued by the portfolio company, and as a result, the interests of various Clients may not be aligned to the extent their holdings differ from one another. Even where such revolver, delayed draw or line of credit is equal in seniority to the other instruments, the interests of each participant group may differ to the extent that meeting any such future funding obligation may become less attractive over time in light of changes to the borrower’s operating performance or broader market dynamics. Such conflicts would become acute if the portfolio company experiences financial or operational challenges by the time a future drawdown occurs.

Follow-On Investment Allocations and Refinancing Opportunities

As discussed in Item 8 above, the Clients may participate in a follow-on investment of an Affiliated Group Account where the Clients have not previously invested in the applicable portfolio company, and vice versa. Any such follow-on investment would present conflicts of interest, including in HPS or its affiliate's negotiation of the terms of such follow-on investment, and raises the risk that the Clients' capital may be used to support an Affiliated Group Account's existing investment, especially where the portfolio company is experiencing financial or operational difficulties. Similarly, where an investment was initially shared among the Clients and one or more other Affiliated Group Accounts, a follow-on investment related thereto will not necessarily be made in the same proportions as the initial investment. In this situation, the Client's interest in such investment may become diluted or more concentrated. It is also possible that such a follow-on investment may be made in a part of an issuer's capital structure that is different from the part of such issuer's capital structure in which the initial investment was made. In addition, if one or more funds or accounts that participated in an initial investment are unable to or otherwise do not participate in a follow-on investment related thereto, including where such initial investment is impaired or underperforming, the Client (or other Affiliated Group Accounts) may increase their participation in such follow-on investment beyond their pro rata share of the follow-on investment opportunity. While such increased participation may, in certain instances, be structured such that the Client or other Affiliated Group Accounts that participate in such follow-on investment are compensated and/or receive other consideration, including sharing in a greater portion of any original issue discount, for their ability to fund such increased portion of the follow-on investment, it is also possible that the Client or other Affiliated Group Accounts participating in such increased portion of the follow-on investment do not receive any additional economic benefit for their ability to fund such follow-on investment and, in either case, may be taking on more risk in connection with the relative increase in such exposure.

Where a Client makes a follow-on investment to an Affiliated Group Account's existing investment, the cost basis among such Clients may differ and they may own different mix of instruments (including in terms of seniority in the portfolio company's capital tranche), resulting in different (and potentially materially different) investment outcome for such Clients and creating a conflict of interests for HPS in managing and exiting the investments for such Clients. If the follow-on investment is profitable, the Clients with the existing positions may have missed an opportunity to receive more allocations in, and potentially earn greater profits or mitigate losses associate with, such follow-on investment, whereas if the follow-on investment incurs losses, the Clients that newly invested in the portfolio company through the follow-on investment, may have supported other Clients' portfolio company with poor investment outcome for themselves. In addition, from time to time, the Clients may participate in the refinance or recapitalization of a portfolio company in which an Affiliated Group Account has invested. Refinance and recapitalization transactions will present conflicts of interest, including determinations of whether the Affiliated Group Account is being redeemed from an investment with a negative outlook (and whether the Clients are supporting such exit with their investment), and whether the Clients are paying a higher or lower price than market value or transacting on terms that are more or less favorable than in other comparable transactions. Conversely, the Clients' investment may be refinanced by an Affiliated Group Account which may have the effect of shortening the duration of an attractive investment. Still other conflicts of interest may arise in cases where a Client owns equity in a company being sold (including where a company is impaired or where equity was acquired by a Client or an Affiliated Group Account in connection with reorganization) and, in connection with the sale, one or more Affiliated Group Accounts agree to provide staple financing in connection with the company's acquisition by a third party purchaser. In such cases, conflicts of interest arise in respect of the selection of the staple finance provider and the terms of the staple financing, which may be more or less favorable than in other comparable transactions, with the effect of either benefitting the Client, as selling equity holder or, conversely, benefitting the Affiliated Group Accounts providing the financing. In addition, the Client's investment may be refinanced by an Affiliated Group Account that may have the effect of shortening the duration of an attractive investment. Similarly, the Client may agree to an amendment, extension, refinancing or similar transaction involving an existing investment, and such transaction may create an investment opportunity for other Affiliated Group Accounts.

Multiple Trading Desks and Similar Strategies

HPS has multiple trading desks, which are utilized by different portfolio managers and managed by different traders. As noted in Item 8 above, HPS employs a variety of trading and investment strategies pursuant to which the Clients are managed. One or more of the portfolio managers of HPS may invest similarly (either by strategy or security type, etc.) to that of one or more of another portfolio manager of HPS. The existence of similar strategies employed by multiple portfolio managers utilizing multiple trading desks may result in the trading desks placing simultaneous competing orders and/or opposite orders for the same or similar securities, which could cause one or more adverse consequences, including, among other things, paying a higher price or receiving a smaller allocation, for the Clients. The existence of similar strategies employed by multiple portfolio managers utilizing multiple trading desks may also result in buying and selling of the same positions at different times or opposite and/or subordinated positions being held in the same issuer's securities, due to the individual portfolio manager's conviction and the applicable investment guidelines for the Clients, which may create materially different investment outcomes for Clients pursuing similar investment strategies or present additional potentially adverse consequences, especially if the issuer experiences financial difficulties.

Conflicts Relating to Platforms

HPS or its affiliated entities may acquire ownership interests in Platforms, directly or indirectly by investing in a Client acquiring such interests or in conjunction with third parties. HPS's direct or indirect ownership interests in a Platform create potential conflicts of interest. For example, HPS may cause another Client to invest in the Platform and, in doing so, may have an incentive to benefit its existing investment in such Platform. In addition, HPS may have an incentive to cause its other Clients to utilize the services of and purchase assets from, and therefore pay compensation to, the Platform in which or its affiliates have ownership interests. HPS will have a conflict of interest in negotiating and enforcing the terms on which its other Clients use the Platform and may have an incentive to agree to the terms that create additional profits to the Platform. The continuous origination and/or servicing fee payments to a Client Platform will benefit the Client that owns such Platform, as such payments will create additional income and likely increase the value of the Platform, thereby making any proposed purchase of such Client Platform by another Client potentially more expensive and any proposed sale by such selling Client potentially more profitable (and increasing the HPS or its affiliate's carried interest in relation thereto). HPS may also be disincentivized from selecting third parties to provide similar services in lieu of a Client Platform, even where comparable services may be available on comparable terms. In addition, if Platforms owned by a Client originate or service assets for another Client, such other Clients are generally expected to be subject to their own fund-level fees (including management fees paid to the Manager) that are in addition to any fees paid to the Platforms for their services and such fund-level fees may be higher or lower than the fund-level fees paid to HPS. As a result, HPS may have a conflict of interest with respect to the allocation of such assets and the determination of whether assets originated by the Platforms are desirable or otherwise appropriate for certain Clients.

HPS may have a conflict of interest in facilitating the purchase or sale of a Platform between the Clients, which may impact the selection of the valuation agent, the decision of which Platforms to buy or sell and the timing of any purchases or sales of a Platform between Clients. Certain Clients have consolidated and combined the operations of certain Client Platforms to some degree (such as, by way of example, sharing certain employees). Some of such Clients may sell some of such Client Platforms to other Clients where such Platforms are operating on a combined basis with other Platforms owned by other Clients. If a purchasing Client is unable to acquire all the Platforms that are operating on a combined basis, such Client may be adversely affected and may be forced to separate the operations of the combined Platforms or sell its Platforms to a third party.

Conflicts with Portfolio Companies

In certain instances, members of the investment team and officers and employees of HPS may serve as directors of certain portfolio companies and, in that capacity, will be required to make decisions that they consider to be in the interests of the portfolio company. In certain circumstances, such as in situations involving bankruptcy or near insolvency of the portfolio company, actions that may be in the interests of the portfolio company may not be in the interests of the Client, and vice versa. For example, the individual may resign as a director even though such resignation may not be in the portfolio company's best interest. Accordingly, in these situations, there are conflicts of interest between an individual's duties as a member of the investment team or officer or employee of HPS and such individual's duties as a director of the portfolio company. An individual may be entitled to compensation through a Client's insurance or indemnification arrangements in such individual's capacity as a director. Additionally, HPS or its affiliates may enter into transactions with a portfolio company (for example, a property lease), which creates a conflict of interest. While it is generally expected that any such transaction would be on terms HPS or its affiliates, as applicable, determine are fair and reasonable, it is possible that the portfolio company may pay higher fees or receive fewer benefits in the transaction than it would if the counterparty to the transaction were a third party.

Data and Information Sharing

In light of the extensive scope of HPS's activities, HPS, the Clients, the general partners and/or their respective affiliates, portfolio companies and other investments (collectively, the **"Data Parties"**) often possess data and information that they may utilize for various purposes and which they would not otherwise possess in the ordinary course of their businesses. For example, information relating to business operations, trends, budgets, customers or users, assets, funding and other metrics that the Data Parties possess or acquire through their management of client accounts and/or their own businesses and investment activities may be used by HPS to identify and/or evaluate potential investments for the Funds and to facilitate the management of investments, including through operational improvements. Conversely, HPS may use data and information that it has or acquires in connection with the Clients' activities for the benefit of its own businesses and investment activities as well as those of Clients and their portfolio companies and other investments. From time to time, HPS may commission third-party research, at the Clients' expense, in connection with the diligence of an investment opportunity or in connection with its management of an investment, and such research is expected to subsequently be available to other Clients, their portfolio companies and other investments (and such persons may not be required to compensate the Funds for the benefit they receive from such research). Such benefits could be material and HPS will have no duty, contractual, fiduciary or otherwise, not to use such information in connection with the business and investment activities of itself, the Clients and/or their portfolio companies and other investments.

Furthermore, except for contractual obligations to third parties to maintain confidentiality of certain information, legal and/or regulatory limitations on, and other requirements with respect to, the use of material nonpublic information, and the Data Parties' information walls, if any, HPS is generally free to use data and information from Clients' activities to assist in the pursuit of HPS's various other interests and activities, including to trade for the benefit of HPS or another client. The Clients and other sources of such data and information may not receive any financial or other benefit from having provided such data and information to HPS. The potential ability to monetize such data and information may create incentives for HPS to cause the Clients to invest in entities and companies with a significant amount of data that it might not otherwise have invested in or on terms less favorable than it otherwise would have sought to obtain.

Purchase or Transfer of Limited Partner Interests

Purchase of limited partnership interests in any Client should be considered a long-term investment. Subject to the terms set forth in the Governing Documents of a Client, limited partners generally may not sell, redeem or transfer their interests in a Client without the consent of the applicable general partner. Each Client is not obligated to, nor does it intend to, register the interests or create any form of secondary market in order to permit the resale or transfer thereof by limited partners. Because of these restrictions and the absence of a secondary market for the interests, limited partners may be unable to liquidate their investments even though financial circumstances would make liquidation advisable or desirable. In certain circumstances, such as when restricting the sale or transfer of interests would result in a risk of default by a limited partner, the applicable general partner may approve of a purchase or transfer of a particular limited partner's interests in a Client to another limited partner, HPS and/or one or more of affiliates, as determined in the HPS' discretion. Such transfers, including where the identification of potential transferees is dependent on HPS, may pose conflicts of interest due to the asymmetrical information that exists between HPS and the transferring Limited Partner with respect to the valuation of the relevant Client's interests and the potential that the transferee may obtain the transferring limited partner's interests for less than fair value.

To the extent that the applicable general partner has discretion over approving a transfer of interests in a Client or is asked to identify potential purchasers in a transfer, the applicable general partner will do so in its discretion, and is permitted to take into account a variety of factors, including but not limited to its own interests including: the financial resources of the potential purchaser, including its ability to meet capital commitment obligations; past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future funds and/or the Adviser and the expected amount of negotiations required in connection with a potential purchaser's investment; whether the potential purchaser would subject HPS, the applicable Client, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens; requirements in such Client's Governing Documents; a potential purchaser's investment into another Client (including any commitment to a future fund or a co-investment); and such other facts as it deems appropriate under the circumstances in exercising such discretion.

Access to Information

Investors' rights to information regarding a Client will be specified in the Governing Documents of such Client. However, certain investors may receive additional information that is not made available to all investors generally. For example, (i) investors who designate representatives to participate on the limited partner advisory committee, (ii) investors who negotiate particular side letters and (iii) affiliates of HPS, may have more information about a Client than other investors, and HPS will have no duty to ensure all investors seek, obtain or process the same information regarding a Client and its investments. Similarly, certain investors may also be investors in other Clients, or otherwise engage in transactions with HPS, and may receive additional information through such arrangements. Certain information that is provided to one investor and not to another investor (or prospective investor) may be material. In particular, such information may affect a prospective investor's decision to invest in a Client or a Client's investor decision to take actions or make decisions pursuant to the Governing Documents.

Liquidation Structures

At or near the end of a Client's term, the Client may seek to sell one or more of the Client's investments to an investment vehicle established by HPS to purchase such investments. Although specific terms and other details of such a transaction would be determined at the relevant time, in this situation, investors may be given the opportunity to either continue participating in each relevant investment through the new

investment vehicle, in whole or in part, or realize their interest in such investment for cash. This type of continuation vehicle may also involve participation by Affiliated Group Accounts and/or third parties, which may indirectly acquire the portion of each relevant investment attributable to investors that do not elect to participate in the continuation vehicle. As part of a transaction of this type, investors that choose to invest in the continuation vehicle may receive a distribution in-kind (or deemed distribution in-kind) while other investors receive cash in respect of the investments, and such continuing investors may be required to commit additional capital and/or participate in additional investments. Depending on the structure of a continuation vehicle transaction and the elections made by the investors, the interests of the investors could diverge, including because different investors could realize their interests in the same investment at different times and on different terms depending on whether an investor elects to participate in the continuation vehicle. As a result, certain investors could receive a return on their share of the relevant investment(s) that is higher or lower than the return achieved by other investors.

Disposition of Pools of Assets

HPS may dispose of multiple investments of a Client as a pool of assets realized together through a single transaction. In some cases, investments of a Client may also be bundled with investments owned by Affiliated Group Accounts and sold with those investments on an aggregate basis, including, by way of example, when portfolio companies that are owned by the Client and Affiliated Group Accounts have synergies with each other. In these cases, each investment will be assigned a portion of the overall transaction price. However, there is no guarantee that the price assigned to an investment in this situation will reflect the amount a buyer would have been willing to pay for such investment on a standalone basis. HPS has an incentive to allocate a larger portion of the transaction price to investments that are subject to higher fees or owned by a higher-performing fund. The seller may also negotiate how the purchase price is allocated among investments for its own purposes, which may impact how much the Client and Affiliated Group Accounts receive for the investments they are each selling. Further, HPS also has an incentive to bundle well performing investments with investments that are not performing as well in order to realize the lower-performing investments, which may reduce the returns realized by the Clients for the well performing investment. HPS is not expected to be required to obtain an independent valuation or otherwise justify the realization price of any investment where such investment is realized as part of a portfolio of assets rather than as a single asset in a standalone transaction.

Liquidation of Clients

HPS may determine it is appropriate to forego certain amounts otherwise payable to a Client (for example, tax receivables) if the costs of continuing such Client (for example, annual audit expenses) exceed the amounts payable to the Client, or if HPS determines that the likelihood of the Client receiving such amounts are low, or the length of time it would take to receive such amounts do not justify the costs of continuing the Client. In addition, to the extent permitted by applicable law, for similar reasons, HPS may determine to liquidate the Client prior to the receipt of tax receivables or other amounts, and if such amounts are received by HPS following the complete liquidation of the Client, such party will determine in good faith how to dispose of such amounts (for example, escheat such amounts to the relevant investor(s) estate(s), or donate such amounts to charity). Any liquidating trust established by a Client in connection with dissolving the Client may similarly only be available on terms whereby the liquidating trust is dissolved, and the assets therein are distributed in kind to the relevant investors or donate such amounts to charity, if the expected costs of continuing the liquidating trust would exceed its assets (or a set portion thereof).

Transactions Among Portfolio Companies

Portfolio companies in which a Client has invested may engage in transactions with each other or with portfolio companies in which an Affiliated Group Account (including a predecessor fund) have invested.

For example, a portfolio company of a Client may be acquired by a portfolio company of an Affiliated Group Account, or vice versa, or a portfolio company of an Affiliated Group Account or a Client may provide services to a Client or an Affiliated Group Account. Similarly, a portfolio company of an Affiliated Group Account may provide services to a portfolio company of a Client, or vice versa. These transactions will not require consent of limited partner advisory committee, even where a Fund or an Affiliated Group Account may control the portfolio company.

Item 12 - Brokerage Practices

Selection Criteria, Generally

In general, Clients will invest directly or indirectly in securities and other interests. Subject to any limitations set out in the relevant Governing Documents with Third Party Funds, HPS has discretion to select any broker or dealer and has established a review process to approve such relationships. HPS, as an investment adviser, is under a duty to obtain “best execution,” which the SEC generally describes as a duty to execute securities transactions so that a Client’s total costs or proceeds in each transaction are the most favorable under the circumstances. This duty generally begins with a requirement that HPS obtain the best price available for the securities in each transaction. However, HPS has not, and in the future may not, always pay the lowest possible commission or markup or markdown, but takes into account a number of factors when determining best execution, including, but not limited to, a broker’s trading expertise, liquidity, reliability, responsiveness, reputation, execution, clearance, settlement and creditworthiness, willingness to commit capital, access to a particular trading market, access and/or availability to the primary market, availability of securities to borrow or short, and the value of research it provides. In certain situations, HPS has, and in the future may pay, a brokerage commission or other transaction cost in excess of that which another broker/counterparty might have charged for effecting the same transaction. HPS gives consideration to certain of these factors more than others in choosing brokers depending on the particular investment strategy at issue. HPS conducts periodic reviews of the execution quality provided by broker-dealers used by HPS. HPS has an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than solely relying on receiving the most favorable execution.

Soft Dollars

HPS does not currently engage in any third party soft dollar arrangements.

HPS is not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. HPS has considered, and in the future may consider, the value of research services or products that a broker-dealer provides to its Clients. Because many of those research services could benefit HPS and other Clients of HPS, a conflict of interest exists in allocating a Client’s brokerage business. HPS intends to comply with Section 28(e) of the Securities Exchange Act of 1934, as amended, except with respect to securities transactions for which Section 28(e) is unavailable. Under Section 28(e), HPS’s use of a Client’s commission dollars to acquire research products and services is not a breach of its fiduciary duty to the Client—even if the brokerage commissions paid are higher than the lowest available—as long as (among certain other requirements) HPS determines that the commissions are reasonable compensation for both the brokerage services and the research acquired. The types of research HPS acquired during the last fiscal year include, but are not limited to: reports or other information about particular companies or industries; economic surveys and analyses; recommendations as to specific securities and financial publications. The “safe harbor” under Section 28(e) applies to the use of a particular Client’s “soft dollars” even when the research acquired is used in making investment decisions for other Clients. In addition, the research information provided to HPS by brokers through which other Clients of HPS or its affiliates effect securities transactions has been used, and in the future may be used, by HPS or its affiliates in providing services to other Clients. The safe harbor is not available where transactions are effected on a principal basis with a markup or markdown paid to the broker-dealer, and is not available for services or products that do not constitute research. Additionally, the safe harbor is not applicable to futures transactions.

Prime Brokers

Prime brokers provide a variety of services to Clients of HPS, which may include clearance and settlement of transactions, placement agent services, custody of the Clients' investment instruments and cash, extending margin credit to Clients, arranging for stock loans to implement short sales, lending of the Clients' portfolio securities to third parties and capital introduction services whereby HPS may be afforded the opportunity by the prime brokers to make a presentation regarding its services to certain qualified investors. While the prime brokers and/or their affiliates generally provide capital introduction services at no additional cost and certain other services at favorable or below market rates, HPS, and not the Client, may be the principal or sole beneficiary of those services, thus presenting a potential conflict of interest between the Client and HPS, which is responsible for selecting the prime brokers and negotiating such Client's brokerage, margin and other fees. HPS has, and in the future may have, brokerage relationships with other Clients of HPS, which has benefited, and in the future may benefit, such other Clients, thus presenting a potential conflict of interest between such other Clients and HPS.

In selecting or recommending broker-dealers, HPS does not take into account whether HPS or any of its related persons has received, or may in the future receive, client referrals from such broker-dealers.

HPS does not currently have any Clients that engage in directed brokerage.

Aggregation

Aggregation (or "bunching") describes the practice of combining the orders of more than one Client for the purchase or sale of the same security. HPS has employed, and in the future may employ, this practice because, generally, larger transactions enable HPS to obtain better overall prices, including lower commission costs or mark-ups or mark-downs, as applicable. It is HPS's policy to generally aggregate Client trades when doing so is practicable, administratively efficient or would reduce transaction costs. Where aggregate trades have been filled during the course of the trading day at different prices, the costs of the security to each Client will generally be average-priced to the extent possible. However, it is possible that in allocating securities between Clients, a Client may end up with more or less securities or paying more or less for the relevant securities, in each case, than it would have been allocated and/or paid, as applicable, if trades had not been aggregated for multiple Clients. HPS seeks to aggregate trades for similarly managed Clients when possible. Additional information with respect to investment allocation decisions is discussed above in Item 11.

Item 13 - Review of Accounts

The risk exposures, trading activity, and profit and loss of HPS portfolios are reviewed on a recurring basis, with variations, depending on the strategy or platform, by the risk and finance teams who report to HPS's Chief Financial Officer (who also serves as Chief Risk Officer of HPS). In addition, a detailed valuation process for illiquid assets is conducted on either a monthly or quarterly basis and is audited annually by an independent third party. Depending on the investment strategy, the HPS valuation committee meets either monthly or quarterly to monitor valuation policies and to seek to ensure consistent application of the policies among Clients. HPS investment professionals also conduct portfolio reviews. Transactions are reviewed to ensure compliance with internal policies and procedures, applicable regulatory limitations and certain investment guidelines.

On a daily basis, the Operations teams within HPS are responsible for reconciling transactions executed to ensure the accuracy of the books and records of HPS.

Shareholders or limited partners of HPS Funds and Third Party Funds will generally be sent written monthly and/or quarterly performance statements setting forth customary information and certain additional information as agreed between certain shareholders or limited partners and HPS. In addition, each shareholder and limited partner of the HPS Funds will receive written annual reports containing audited financial statements and other indicia of performance. Certain Third Party Funds receive a daily transaction report for the purposes of daily portfolio reconciliation. HPS may provide Clients with additional information on an as requested basis. Additionally, certain Third Party Funds receive additional reports, the frequency and details of which are set out in the relevant Third Party Fund's relevant Governing Documents.

Item 14 - Client Referrals and Other Compensation

Third-party placement agents, including solicitors, who refer investors to HPS Funds or Third Party Funds, are paid separately by HPS. Such placement agents may include, but are not limited to, JPM and certain affiliates of the brokers of certain Clients, as well as other placement agents. Certain of such placement agents receive fees directly from certain investors subscribing for shares/interests in HPS Funds or Third Party Funds in addition to any compensation received from HPS as discussed above in Item 10. The cost of such fees will typically be borne by such investors in addition to their capital commitments. However, to the extent permitted by applicable law (including ERISA), the Clients are expected to indemnify such placement agents under certain circumstances.

The potential for placement agents to receive (directly or indirectly) compensation in connection with the investors' subscriptions for interests in HPS Funds and Third Party Funds creates a conflict of interest for such placement agent in recommending that the potential investors purchase such interests. Further, to the extent HPS Securities is engaged by any HPS Funds to provide placement services, including the receipt of compensation by HPS Securities for such services, HPS Securities' affiliation with HPS will create an incentive for HPS Securities to recommend the securities of such Clients to investors. Any such engagements with placements agents will be structured and disclosed to relevant parties in accordance with the requirements under Rule 206(4)-1 under the Advisers Act.

Item 15 – Custody

In connection with the management of investments for certain Clients, HPS has, or is deemed to have, custody of certain funds or securities of its Clients. HPS is subject to the audit provision of Rule 206(4)-2 under the Advisers Act with respect to certain of the Clients over which it has custody and delivers audited financial statements to the investors in such Clients within 120 days of the applicable fiscal year-end. In addition, the assets of such Clients over which HPS has custody are held by qualified custodians in accordance with Rule 206(4)-2. Investors should review these audited financial statements carefully.

In certain instances, HPS may be deemed to have custody of the assets of certain Clients due to its ability to withdraw funds to pay its advisory fees. In such instances, an independent auditor has been engaged for certain of the HPS Clients to verify the funds and securities of said HPS Clients by actual examination at a time chosen by the independent auditor without prior notice to HPS. The independent auditor's report is publicly available at the website provided on the cover page of this brochure.

Item 16 - Investment Discretion

HPS generally has discretionary authority with respect to investment decisions of its Clients pursuant to investment management agreements with such Clients and investment objectives set forth in the Governing Documents of such Clients. HPS's discretionary authority is generally subject to such restrictions as set forth in each Client's Governing Documents or agreements with such Client and/or the rules and regulations of any exchange or market on which HPS trades securities on behalf of its Clients. The Governing Documents of the Clients customarily place certain limitations on HPS's authority to manage a Client's portfolio, including, for example, leverage, single issuer limits and geographical restrictions. In limited circumstances, certain Third Party Funds as well as certain investors in HPS Funds have consent and/or opt out rights with respect to certain investments based on the terms agreed in their Governing Documents. For certain Clients, an investment committee exists that collectively has discretionary authority over investment decisions for the applicable Client. In general, HPS is delegated the authority to consummate investments on behalf of Clients by the terms of the Governing Documents entered into between a Client and HPS.

Item 17 - Voting Client Securities

Rule 206(4)-6 under the Advisers Act requires all investment advisers who exercise voting authority over client proxies to: (1) adopt policies and procedures for voting proxies in the interest of the client; (2) describe the procedures to clients; and (3) inform clients how they may obtain information about how the adviser has actually voted their proxies.

Although generally not applicable to HPS's business, HPS has the authority to vote Client securities on behalf of HPS Funds and certain Third Party Funds. The proxy voting procedures for HPS are designed to address the resolution of any conflicts of interest that arise in connection with proxy voting. HPS is responsible for voting and handling all proxies in relation to the securities held on behalf of the Clients. HPS will vote proxies or abstain from voting proxies, in each case, in the interest of its Clients. At times, a portfolio manager may determine to vote a proxy contrary to a proposed vote. In such instances, the portfolio manager is required to confirm to the Compliance Department that no material conflict of interest exists personally or with HPS.

HPS has engaged an independent third party proxy voting specialist, Institutional Shareholders Services, Inc. ("ISS") to assist HPS in the proxy voting process. The services provided by ISS include research and voting recommendations as well as ballot notification, execution, reporting and record keeping. HPS, however, retains ultimate voting discretion with respect to its Clients.

Clients may obtain a copy of the procedures for HPS and information about how HPS voted a Client's proxies by contacting the Compliance Department at (212) 287-6767.

Item 18 - Financial Information

HPS 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.

Item 19 – Requirements for State-Registered Adviser

Item 19 is not applicable.