

# Silver Rock Financial LP

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Form ADV Part 2A

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This Brochure provides information about the qualifications and business practices of Silver Rock Financial LP (“Silver Rock Financial”) and its relying advisers, Silver Rock Capital Partners LP (“Silver Rock Capital Partners”) and Silver Rock Management LLC (“Silver Rock Management”). Silver Rock Financial, Silver Rock Capital Partners and Silver Rock Management and their other affiliates are referred to collectively herein as “Silver Rock” or the “Firm.” If you have any questions about the content of this Brochure, please contact Patrick Hunnius, Silver Rock’s Chief Compliance Officer and General Counsel, at [phunnus@silver-rock.com](mailto:phunnus@silver-rock.com). Silver Rock Financial, Silver Rock Capital Partners and Silver Rock Management are investment advisers registered with the U.S. Securities & Exchange Commission (“SEC”). Registration as an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Silver Rock also is available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2. Material Changes**

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This Brochure does not contain any changes since Silver Rock's last annual amendment filing on March 28, 2023, that Silver Rock considers to be material.

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## **Item 4. Advisory Business**

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### **GENERAL DESCRIPTION OF THE FIRM**

Silver Rock Financial was legally formed in December 2015 and began accepting outside capital in May 2016. Headquartered in Los Angeles, California, Silver Rock Financial is majority owned by a trust and limited partnerships ultimately controlled by Carl Meyer. Silver Rock Management, a Delaware limited liability corporation, was formed in 2019, as a wholly-owned subsidiary of Silver Rock Financial. Silver Rock Capital Partners, a Delaware limited partnership, was formed in 2021, and is principally owned by Vinay Kumar and Silver Rock Financial. For further detail on Silver Rock's ownership structure, please refer to Schedule A and Schedule R of Part 1 of our ADV.

Silver Rock is a credit-oriented asset management firm focused on three general strategies: Public Credit; Private Credit; and Structured Corporate Credit. The Firm invests across a range of mandates, including but not limited to opportunistic credit, multi-asset credit, high yield and levered loans, private credit, and structured corporate credit, as described more fully in Item 8.

The Firm provides discretionary investment advisory services to commingled private investment funds (each a "Fund"), separately managed accounts and funds-of-one/many (each, a "Managed Account"), and/or issuers of collateralized loan obligations (such issuers, "CLOs") with varying investment objectives. Certain Funds and Managed Accounts have in the past employed, and may continue in the future to employ, various "add-on features" to supplement their primary investment strategies, such as (a) pre-committed capital to deploy intra-month during periods of market dislocation, (b) additional exposure to co-investment opportunities, or (c) a liquid funding option to manage capital commitments. The Firm has provided, and may provide in the future, non-discretionary investment advisory services related to specific investments in Managed Accounts. The Funds, Managed Accounts and CLOs are collectively referred to as the "Clients" herein.

Details regarding the specific investment objectives of each Client can be found in their respective offering memoranda (or the equivalent thereof), organizational documents, investment management agreements, collateral management agreement and/or indenture (collectively, each as amended, supplemented or modified from time to time, and as applicable, the "Governing Documents").

Silver Rock also advises Managed Accounts with customized mandates and are subject to different terms and arrangements, including fees, liquidity rights, transparency rights and/or termination rights. Such customized arrangements have been and may in the future be subject to minimum investment size and other possible special requirements.

When deemed appropriate, Silver Rock has in the past and may in the future enter into side letters with certain investors in the Funds and Governing Documents for certain Managed Accounts that provide such investors with different terms, such as fees, expense reimbursement, liquidity rights, advisory committee representation rights, tax and ERISA-related rights, transparency rights and/or additional reporting details. Silver Rock has also agreed to manage certain Client accounts in accordance with an investor's tailored investment objectives, e.g., liquidity needs, sector and/or asset class investment restrictions. Such terms are

individually negotiated and dependent on the nature of the advisory relationship and/or subject to significant account minimums.

As of December 31, 2023, Silver Rock managed approximately \$8.0884 billion in regulatory assets under management on a discretionary basis. Silver Rock does not currently manage any Client assets on a non-discretionary basis.

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

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Except as otherwise described below, the Firm typically charges fees (1) equal to a set percentage of assets under management and (2) for performance. Set forth below are summaries of the fees payable by Clients and is qualified in all respects by the Clients' Governing Documents. Detailed disclosure about fees and expenses is provided in the relevant Client's Governing Documents, which should be carefully reviewed prior to making an investment.

### **Funds**

*Management Fees.* Except as noted below, Silver Rock receives management fees generally ranging from 1% to 1.5% per annum based on the value of the Fund's assets as of the last day of each calendar month or quarter. Such fees are assessed monthly or quarterly, as the case may be, and deducted from the Fund's assets. Silver Rock receives a management fee for "add-on features" that is separate but incremental to that already paid by an investor through the investor's primary Fund investment. Management fees are adjusted for contributions and withdrawals (or distributions, as applicable) made during the management fee period. Silver Rock does not charge a management fee on undrawn capital commitments until such capital is actually contributed at which point the management fee is calculated at the applicable rate.

*Performance Compensation.* Except as noted below, for Public Credit Funds, an affiliate of Silver Rock will receive (a) an annual performance reallocation generally equal to 20% per annum of the net profits allocated to each limited partner's capital account. For Private Credit Funds, an affiliate of Silver Rock will receive a carried interest generally equal to 15% of all realized profits subject to a preferred return. For certain Public Credit "add-on features", an affiliate of Silver Rock will receive a carried interest generally equal to 10% of all realized profits subject to a preferred return. Performance compensation is more fully described in the Funds' respective Governing Documents.

Silver Rock reserves the right to vary the management and performance-based fees as to particular limited partners in the Funds by separate agreement and to reduce or waive any fees at any time. Silver Rock charges a reduced fee for the capital of the Funds' respective general partners, seed investors, and certain of its and their affiliates, employees, and family members. In addition, Silver Rock Capital Partners generally charges a reduced fee for capital contributed to co-investment share classes of Funds and Managed Accounts.

In addition, Silver Rock may in the future form and/or manage other private funds or collective investment vehicles for similar or other strategies with or for individual investors. The management and incentive fees and expense reimbursement provisions for such other funds or collective investment vehicles are individually negotiated and may be dependent on the nature of the advisory relationship and, therefore, fees

and expenses charged to such fund or vehicle may be higher or lower than the fees and expenses charged to the Silver Rock's existing Funds.

*Expenses.* In addition to the fees noted above, the limited partners in the Funds also indirectly bear the costs and expenses charged to the Funds. The Funds bear certain costs in connection with their organization, as more particularly described in the Governing Documents of each Fund.

Silver Rock is responsible for its own general operating and overhead costs including salaries, employee benefits, office rent and other general overhead costs. The Funds, however, generally bear their own operating costs. Such fees and expenses vary but generally include the following: brokerage commissions and other transaction-related compensation and charges (discussed further in the *Brokerage Practices* section); interest, margin and other borrowing costs related to investments, including securities sold short; custodial and bank service fees; costs of systems, facilities, and third-party services for order placement and order management; cost of third-party services for clearance and settlement functions; costs incurred researching and potentially acquiring or disposing of investments in connection with structuring or restructuring an issuer's capital structure or to otherwise participate in a restructuring effort (including professional services fees, due-diligence-related travel expenses, third-party investigative services, membership on creditors' or equity-holders' committees and out-of-pocket expenses associated with any potential investment that is ultimately not consummated (i.e., a "broken deal" expenses)); costs related to the researching, acquiring, holding, valuing and/or monitoring investments and potential investments (including third party analytical, valuation and/or reporting services, systems and services for portfolio modeling, testing and other risk analysis, systems and services that facilitate conducting and managing investment research, analysis and investment decision-making and costs of attending symposia and conferences and participating in deliberations and negotiations regarding investments); travel and lodging costs related to investment activities; costs of quotation, computerized news, pricing and/or statistical services/software; audit, accounting, tax preparing and reporting (including tax planning), valuation, third-party administration, external bookkeeping, legal, valuation and other professional fees (including fees paid to Silver Rock's external counsel for services for the Funds' benefit); fees and costs in connection with litigation or potential litigation; transfer, withholding, income, stamp, and other taxes and duties; costs of reporting to limited partners; costs of Fund meetings and other governance activities; reimbursable expenses of the members of any Advisory or Governance Committee; registration, filings, and licensing costs by governmental and self-regulatory organizations and costs of compliance with regulatory or reporting requirements applicable to a Fund (including Schedules 13D or 13G, Forms D, and Forms 3 and 4 and filings relating to a Fund required by non-US jurisdictions or applicable law); a Fund's allocable share of the costs of directors and officers, errors and omissions, and other types of insurance maintained by Silver Rock or the Funds; and fees and expenses paid or reimbursed to the Administrator; and all other reasonable expenses related to a Fund's operations or the purchase, sale or transmittal of assets.

Since Silver Rock manages multiple Clients, if a particular cost relates to more than one Client, Silver Rock allocates the cost between the appropriate Clients in a manner it considers equitable and consistent with the relevant Clients' Governing Documents. For example, Clients will be charged only their respective proportionate share of reimbursable expenses, and Silver Rock will bear the cost of any portion attributable to a Client who is not charged for a reimbursable expense in accordance with its Governing Documents. Similarly, there may be certain costs that relate to one Client but not another Client, in which case Silver Rock will allocate the cost to the appropriate Client.

The Funds may pay their costs directly, or Silver Rock may advance costs and be reimbursed by the Funds. Silver Rock may bear any of those costs out of its own assets or revenues, but its decision to do so as to some costs or for some periods does not obligate it to do so as to any other costs or to continue doing so for any other periods.

### Managed Accounts

While Managed Accounts are charged management fees and generally pay performance-based fees, which may be subject to a high-water mark and in certain cases a stated hurdle rate, the fee terms are negotiated on an individual basis and may be dependent on the nature of the advisory relationship. In addition, while Managed Accounts clients generally pay or reimburse Silver Rock for expenses similar to the Funds, as described above, Silver Rock has in the past (and may in the future) agreed with certain Clients (1) to impose a cap on certain categories of expenses and (2) that it would not charge for a certain type of expense. In each case, to the extent a reimbursable expense is not charged to a Client, Silver Rock (not other Clients) bears such cost. The fees and expenses that are borne by each Managed Account are described in that Client's Governing Documents.

### CLOs

*Management Fee and Performance Compensation.* Clients structured as CLOs are charged both management fees and performance compensation, which are disclosed in the relevant Governing Documents of such CLOs. No management fees or performance compensation are expected to be charged in connection with CLO warehousing arrangements. Funds and Managed Accounts have invested in the Firm's CLOs, but any management fees charged to the CLO are subject to rebate or offset in favor of such Fund or Managed Account.

*Expenses.* Expenses borne by investors in a CLO or CLO warehouse are described in the relevant Governing Documents and such categories of expenses are similar to those borne by the Funds and Managed Accounts.

### Shared Services

Among the three management platforms, Silver Rock utilizes shared services agreements pursuant to which personnel at a specific management company provide certain services associated with the management of another management company's Clients in exchange for a fee. These services include research, office space, back and middle office services (such as loan settlement, reporting, valuation), marketing, legal and compliance services and performance of trade executions.

## **Item 6. Performance-Based Fees and Side-By-Side Management**

As described above, in addition to the management fee for portfolio management, the Firm also receives performance-based compensation from Clients.

The fact that Silver Rock is compensated based on performance may create an incentive for Silver Rock to make investments on behalf of Clients that are riskier or more speculative than would be the case in the absence of such compensation. In addition, the performance-based compensation received by Silver Rock

from some Clients are based both on realized and unrealized gains and losses. As a result, the performance-based compensation earned could be based on unrealized gains that those Clients may never realize.

The Investment Advisers Act of 1940 restricts the payment of performance-based compensation to investment advisers registered under such act. However, SEC Rule 205-3 permits the payment of performance-based compensation to registered investment advisers provided that the clients (including limited partners in investment vehicles such as the Funds and Managed Accounts that are also private funds) meet certain financial qualifications. The offerings of interests in the Funds and Managed Accounts that are also private funds have been structured to comply with this rule and, accordingly, those vehicles only accept subscriptions from persons who meet the qualifications set forth in Rule 205-3. Investors should refer to their respective Governing Documents for complete information on the corresponding fees charged by the Firm.

In addition, it is important to note that a conflict of interest may exist as Silver Rock has an economic incentive to allocate potentially more favorable investment opportunities to Clients that have a performance-based fee structure. To address that risk, Silver Rock has adopted policies and procedures to ensure the fair allocation of investment opportunities among all of its Clients.

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

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As described in Item 4 (Advisory Business), the Firm provides investment advice to private investment funds and separately managed accounts and provides collateral management services to CLOs and acts as collateral manager for loan accumulation activity conducted prior to the closing of such CLOs through a CLO warehouse arrangement.

Investors in the Funds and Managed Accounts include institutional investors, such as pension and U.S. tax-exempt organizations, sovereign wealth funds, entities owned by high net worth individuals, insurance companies, family investment vehicles and others.

Shares or limited partnership interests in private funds formed by Silver Rock or its affiliates are not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”); nor are they registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, interests or shares in such private funds are offered and sold exclusively to limited partners satisfying the applicable eligibility and suitability requirements, either in private transactions within the United States or in offshore transactions.

Generally, a limited partner in a Fund or in a Managed Account that is a private fund must be a “qualified purchaser” within the meaning of the Investment Company Act of 1940 and an “accredited investor” within the meaning of Regulation D of the Securities Act of 1933.

Certain Clients have set minimum amounts for investment by prospective investors in, or holders of interests in, such Clients, as described in their respective Governing Documents, which may be, and have been, reduced or waived.



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

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### **METHODS OF ANALYSIS**

Silver Rock utilizes a variety of resources or services to form an investment idea. In general, Silver Rock assesses investment opportunities by employing fundamental research that includes, among others, traditional credit and equity valuation, quantitative screens, models and risk reports, detailed analysis of historical financial statements and development of financial projections, dialogue with company management and business owners, industry research (e.g., consultation with competitors, suppliers, customers and end markets), and analysis of an issuer's documents (e.g., credit agreements, indentures, intercreditor agreements and court filings) and capital structure (including recovery scenarios in a reorganization or liquidation).

### **INVESTMENT STRATEGIES**

Silver Rock engages, on behalf of its Clients, in one or more of the investment strategies summarized below. Further detail regarding the following investment strategies can be found in each Client's Governing Documents.

#### **Public Credit:**

- A. **Opportunistic Credit:** The Opportunistic Credit Strategy is a public credit-focused investment strategy. The core of the Opportunistic Credit Strategy is the preservation of capital through a disciplined, bottom-up investment approach focused on generating strong risk-adjusted returns throughout the credit cycle. The Opportunistic Credit Strategy employs a global approach to stressed, distressed and performing credit investing across the full capital structure primarily in leveraged loans, high yield bonds and related structured products. The composition will vary based on the current stage of the credit cycle and may also depend on a particular Client's investment objective or the terms of a Client's Governing Documents. Client assets at times may be fully invested in securities and, at other times, may include a high percentage of cash or cash equivalents.
- B. **Multi-Asset Credit:** The Credit Strategy is a public credit-focused investment strategy offered via Managed Accounts. The core of the strategy is focused on active rotation throughout the credit cycle in performing leveraged loans, high yield bonds, and related structured products with the goal of attractive risk-adjusted returns, relative outperformance, and capital preservation. The strategy invests dynamically in credit markets with an emphasis on performing credit. Silver Rock's approach aims to function as both a yield enhancer and diversifier to a portfolio of traditional fixed income.
- C. **High Yield & Levered Loans:** The Core Credit Strategy and Levered Loans Strategy are public credit-focused investment strategies offered via Managed Accounts that invest primarily in performing levered loans and/or high yield bonds with the goal of attractive risk-adjusted returns, relative outperformance, and capital preservation.
- D. **Add-On Features:** Public Credit vehicles have employed, and may continue in the future to employ, various "add-on features" to supplement their primary investment strategies, such as (a) pre-

committed capital to deploy intra-month during periods of market dislocation, (b) additional exposure to co-investment opportunities, or (c) a liquid funding option to manage capital commitments. These features utilize similar methods of analysis and investment approaches as the primary strategies above and, as a result, are subject to similar risks discussed below. Participants in these add-on features should carefully review the respective Governing Documents for these add-on features when making an investment decision.

Private Credit:

- A. Private Credit: The Tactical Allocation Strategy is a private credit-focused investment strategy. The core of the Tactical Allocation Strategy is to take advantage of market opportunities throughout different periods of the credit cycle, capitalizing upon credit market dislocations and credit-oriented capital solutions and special situations that are deemed attractive. The Tactical Allocation Strategy invests principally in illiquid credit or credit-like instruments. The strategy seeks to provide core capital solutions focused on opportunistic lending. The composition will vary based on the current stage of the credit cycle. Capital solutions and special situations encompass a wide variety of potential investments and are deemed suitable for the Tactical Allocation Strategy if they pass the Firm's investment process and fit a risk and return profile consistent with the Tactical Allocation Strategy's objectives, liquidity terms and target return.
- B. Add-On Features: Private Credit vehicles have employed, and may continue in the future to employ, an "add-on feature" in the form of separate share classes to provide additional exposure to co-investment opportunities, as detailed more fully in the respective Governing Documents for these vehicles.

Structured Corporate Credit:

- A. Clients structured as CLOs issue obligations collateralized primarily by a portfolio of broadly syndicated, senior secured bank loans, with an allowance for second lien loans, senior unsecured loans and bonds. The Firm generates investment ideas for the CLOs (and any associated CLO warehouse) through coverage of multiple sectors. Investment decisions, including any loan accumulation activity in connection with a CLO warehousing arrangement, are made in accordance with the Silver Rock Management investment committee's charter, which sets various approval thresholds and decision-making procedures. A target size and trading strategy for each investment decision are subject to the respective Governing Documents and informed by, among other things, portfolio considerations, concentration, spreads, exposures, credit quality, pricing, deal-specific constraints and risk-adjusted expected performance set forth therein.

Although the Firm intends to pursue each Client's respective strategy as described above, the Clients' Governing Documents generally do not expressly require it to do so. For example, the Governing Documents for several Clients grant Silver Rock wide discretion with respect to the types of securities or other instruments in which it may invest, the types of positions it may take, the concentration of investments (by country, sector, industry, company, or asset class).

There may be times when the Clients' portfolios either include instruments not specified above or do not include all of the instruments listed in the descriptions of the strategies above. Depending on conditions and

trends in securities markets, the Firm may pursue other strategies or employ other techniques it considers appropriate and in its Clients' best interests.

As noted in Item 4 (Advisory Business), the Firm manages Clients with customized mandates that may utilize investment strategies different from the strategies described above and are subject to different terms and arrangements. Depending on the mandate, Silver Rock may utilize aspects of any of the strategies or methods of analysis described above with reference to the mandate size, number of positions, investment restrictions, time horizon of the vehicle and other factors.

### **RISK OF LOSS**

Securities investments risk the loss of capital; there can be no assurance that Clients will not incur losses.

Investments in the Funds, Managed Accounts or CLOs are suitable only for investors who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investments and who meet the conditions set forth in their respective Governing Documents. There can be no assurance that the Funds, Managed Accounts or CLOs will achieve their investment objectives. Investment in the Funds, Managed Accounts or CLOs will involve significant risks and while the following summary of certain of these risks must be carefully evaluated before making an investment, the following does not intend to describe all possible risks of such an investment. In addition, some of the risks discussed below may be more, less or not at all applicable to certain vehicles. Investors should refer to their respective Governing Documents for further information.

### **GENERAL INVESTMENT RISKS AND RISKS ASSOCIATED WITH PARTICULAR INVESTMENT ACTIVITIES OR TYPES OF INVESTMENTS**

The descriptions contained below are a brief overview of different risks related to Silver Rock's investment strategies; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operation of the Funds, Managed Accounts and/or CLOs. Investors should refer to their respective Governing Documents for further information.

**Reliance on Key Personnel.** The Firm's operations and Clients' portfolio management are substantially dependent upon the skill, judgment and expertise of their respective portfolio managers and other investment personnel. The death, disability, departure, or other unavailability of a portfolio manager or any other key personnel could have a material and adverse effect on the Firm and its Clients.

**Investment Manager's Discretion.** Silver Rock has broad authority to expand, contract, or otherwise change activities of the Funds and Managed Accounts without notice to, or the consent of, Fund limited partners or the Managed Account holders (subject to the terms of a Client's Governing Documents). Over time, the strategies Silver Rock implements could be expected to expand, evolve, and change, perhaps materially. Silver Rock will not be required to implement any particular strategies and may discontinue employing any particular strategy, whether or not that strategy is specifically described in the Client's Governing Documents and without notice to investors. Any change in strategies could expose Clients' capital to additional risks.

Concentration of Investments. The Funds and Managed Accounts will not be as diversified as many investment funds. While Silver Rock intends to limit investments that could create excessive concentration in a particular company or industry, the Governing Documents generally do not so require, nor will the Funds or Managed Accounts always divest positions when appreciation (or other positions' depreciation) causes them to comprise an outsized portion of their respective portfolios. Clients have at times, and may have in the future, a relatively large portion of their capital exposed to a relatively small number of positions and/or a particular industry. Losses in one or more large positions, or a downturn in an industry in which the Funds and Managed Accounts are concentrated, could materially adversely affect performance and could have a materially adverse effect on the overall financial condition of the Funds and Managed Accounts.

In addition, during the period of time that a Private Credit vehicle is commencing investment operations, due to minimum position sizing of investments (based on anticipated future capital commitments/capital calls), the vehicle's investments will likely be more concentrated until such time as additional capital commitments are drawn down. Following the stated investment period, as investments are liquidated, the remaining investments will become increasingly concentrated. Due to such greater concentration, the Client's performance may be subject to greater volatility and/or the remaining investments in such vehicle may be subject to substantial losses.

Idle Funds. While Silver Rock endeavors to keep Clients' assets invested, there may be periods when Clients have a significant portion of Client assets in cash or cash equivalents. The investment return on such "idle funds" is not expected to meet the overall return objective Silver Rock seeks through its Clients' investment programs.

Inside Information; Substantial Positions. Silver Rock personnel, either through the Firm's performing advisory services or by virtue of the Firm's employees' other activities (and the activities of those entities with which the Firm has a financial industry affiliation), has in the past received, and may in the future receive, material nonpublic information about or relating to issuers of securities in which Clients invest or in which Silver Rock proposes to invest on their behalf. Under various securities laws (or Silver Rock's internal policies), this could restrict Silver Rock's ability to cause a Client to buy or sell securities of a company for substantial periods when doing so could generate a profit or avoid a loss. If the Client were to acquire more than certain percentages of the outstanding securities of some companies (determined, under certain circumstances, in combination with amounts held by other Clients), Silver Rock and/or the Client could become subject to public reporting requirements and, in some cases, legal and regulatory limits on disposition of those securities. Limits of those kinds could prevent the Client from disposing of those securities when it otherwise would or at favorable prices.

Distressed Investments. Clients may invest in "distressed" securities—claims and obligations of issuers that are experiencing significant financial or business difficulties. Investments may include loans, loan participations, trade claims held by trade or other creditors, stocks, partnership interests and similar financial instruments, executory contracts, and options or participations therein not publicly traded. Clients may lose a substantial portion or all of their investment in a distressed situation or may be required to accept cash or securities with a value less than its investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of the issuers. These investments also may be adversely affected

by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate, or disenfranchise particular claims. The market prices of distressed entity investments are subject to abrupt and erratic market movements and above average price volatility and the spread between the bid and asked prices of these investments may be greater than normally expected. In trading distressed securities, litigation is sometimes required, which can be time-consuming and expensive and can frequently lead to unpredicted delays or losses. To the extent a Client invests in distressed sovereign debt obligations, it will be subject to additional risks and considerations not present in private distressed securities, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which may be affected by world events, changes in U.S. foreign policy and other factors outside of Silver Rock's control.

Distressed Situations. Silver Rock expects that among its distressed securities investments will be investments in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving these types of special situations, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security with a value less than the Client's purchase price for the security or other financial instrument in respect of which the distribution is made. Similarly, if an anticipated transaction does not occur, the Client may be required to sell its investment at a loss. A Client could lose its entire investment in special situation investments.

Limited Liquidity of Investments. Many of the Clients' investments are at times, and may be in the future, relatively illiquid or experience periods of illiquidity. An investment may be illiquid because it is thinly traded or because the Client's position in it is large in relation to the overall market for the security. The Client may own (or have a short position in) securities that are relatively liquid when acquired (or sold short) but that later become illiquid. The Client may not be able to liquidate illiquid positions if the need were to arise; rapid sales of such securities could depress the market value of those securities, reducing the Client's profits, or increasing its losses, in the positions (and rapid purchases to cover short positions could have the corollary effect). In addition, a Client has bought at times, and may buy in the future, securities that are not immediately saleable in the public markets.

Redemptions from open-end vehicles that are funded out of the most liquid portion of the Client's assets could cause the illiquid portion to be a greater percentage of the Client's portfolio than would otherwise be optimal.

The value assigned to illiquid securities (including thinly traded securities) and large blocks of securities held in a Client's portfolio may differ from the value a Client is ultimately able to realize on those securities.

Certain of the Funds and Managed Accounts may, but are not required to, designate one or more illiquid investments as Designated Investments. Doing so would reduce the amount of capital an investor may withdraw until the related Designated Investments are liquidated or deemed liquidated.

Debt Instruments. Clients invest significantly in debt or other fixed-income instruments (including bonds and debentures in the case of Silver Rock's Clients). Particular types of debt instruments are subject to various risks that are specific to the ways in which they are structured, the industries and markets in which their issuers participate, the assets underlying the instruments, the impact of applicable tax or regulatory factors, and numerous other specific factors. But the values and prices of all debt instruments are subject,

in substantially the same way (albeit with differing levels of sensitivity), to credit risk, market risk, and interest rate risk. In addition, some of the debt instruments that Clients may invest or trade may involve particular risks, as discussed below:

- *Investments in Secured Loans.* Clients may invest in secured debt, which involve various degrees of risk of a loss of capital. The factors affecting an issuer's secured leveraged loans, and its overall capital structure, are complex. Some secured loans may not necessarily have priority over all other debt of an issuer. For example, some secured loans may permit other secured obligations (such as overdrafts, swaps or other derivatives made available by members of the syndicate to the company), or involve secured loans only on specified assets of an issuer (*e.g.*, excluding real estate). Issuers of secured loans may have more than one tranche of secured debt outstanding each with secured debt on separate collateral. In the event of Chapter 11 filing by an issuer, the Bankruptcy Reform Act of 1978, as amended (the "*Bankruptcy Code*") authorizes the issuer to use a creditor's collateral and to obtain additional credit by grant of a priority lien on its property, senior even to liens that were first in priority prior to the filing, as long as the issuer provides what the presiding bankruptcy judge considers to be "adequate protection" which may but need not always consist of the grant of replacement or additional liens or the making of cash payments to the affected secured creditor. The imposition of priority liens on the Client's collateral would adversely affect the priority of the liens and claims held by the Client and could adversely affect the Client's recovery on the affected loans. Any secured debt is secured only to the extent of its lien and only to the extent of underlying assets or incremental proceeds on already secured assets. Moreover, underlying assets are subject to credit, liquidity, and interest rate risk.
- *Bank Loans and Participations.* Bank loans, participations in bank loans, and similar investments 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 from collateral securing the obligations; and (iv) limitations on the Client's ability to directly enforce its rights. They may also involve transactional risks: the Client may experience significant delays in the settlement of certain loan and/or bank debt transactions, particularly in the case of investments that are or become distressed. Until a transaction is settled, the Client will be subject to counterparty insolvency risk. Pursuant to certain insolvency laws, a counterparty may have the ability to reject or terminate an unsettled loan transaction. If a counterparty rejects an unsettled transaction, the Client might lose any increase in value with respect to such loan that accrued while the transaction was unsettled. The Client may also invest in loan participations where it has no direct contractual relationship with the underlying borrower. In those cases, the Client generally would depend on the lender to enforce its rights and obligations under the loan arrangements in the event of a borrower default and would generally have no voting rights as to the borrower, as the lenders typically retains those rights. Participation investments are subject to the credit risk of the lender (as well as the borrower) since they will depend upon the lender forwarding payments of principal and interest received on the underlying loan. A lender could default on its obligations to the Client, resulting in substantial losses to the Client.
- *Non-Investment Grade (High Yield) Instruments.* Bonds and other debt instruments are often traded in established securities markets, and their prices vary based on factors that influence those markets. Non-investment grade, or "high yield", instruments are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be speculative. In the United States, these are generally debt securities that are not rated or are rated below investment grade (for example, below BBB by Standard & Poor's Rating Group or Baa by Moody's Investors Service, Inc.) by a nationally recognized statistical rating organization. They are also generally

considered to be subject to greater risk than securities with higher ratings, because their yields and prices tend to fluctuate more than those for higher-rated instruments, and the market for lower-rated securities is less liquid and less active. Trading and investing in non-investment grade instruments can be highly speculative.

- *Asset-Backed Securities.* Asset-backed securities (“ABS”) typically represent an interest in a pool of assets such as credit card receivables, automobile loans, or home equity loans, and have yield and maturity characteristics corresponding to their underlying assets. Unlike traditional debt securities, which may pay a fixed rate of interest until maturity when the entire principal amount comes due, payments on certain ABS include both interest and a partial payment of principal. This partial payment of principal may consist of a scheduled principal payment as well as an unscheduled payment from the voluntary prepayment, refinancing, or foreclosure of the underlying loans. As a result of these unscheduled payments of principal, or prepayments on the underlying securities, the price and yield of ABS can be adversely affected. For example, during periods of declining interest rates, prepayments can be expected to accelerate, and the Client would be required to reinvest the proceeds at the lower interest rates then available. Prepayments of loans that underlie securities purchased at a premium could result in capital losses because the premium may not have been fully amortized at the time the obligation is prepaid. In addition, like other interest-bearing securities, the values of ABS generally fall when interest rates rise, but when interest rates fall, their potential for capital appreciation is limited due to the existence of the prepayment option.

Private Equity or Debt. Certain Funds and Managed Accounts invest in private investments that involve a high degree of business and financial risk and can result in substantial or complete losses. Such investments involve a number of particular risks, including that: (i) private companies may have limited financial resources and limited access to additional financing, which may increase the risk of their defaulting on their obligations, leaving creditors such as a Fund or Managed Account dependent on any guarantees or collateral they may have obtained, (ii) private companies frequently 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) there may not be as much information publicly available about these companies as would be available for public companies and such information may not be of the same quality, and (iv) private companies are more likely to depend on the management talents and efforts of a small group of persons, as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies’ ability to meet their obligations. Private investments are very illiquid and may be difficult to value. It may take a number of years for a Fund or Managed Account to sell or otherwise dispose of any of its private equity and debt investments and the price ultimately realized upon such sale may be significantly less than the value attributed to such investment by a Fund or Managed Account.

SOFR as LIBOR Replacement. The Secured Overnight Financing Rate (“SOFR”), as a replacement for the U.S. dollar London Interbank Offered Rate (“LIBOR”), has a limited history and may bear little or no relation to historical levels of SOFR, LIBOR or other rates. SOFR has been more volatile than other benchmark or market rates, such as three-month LIBOR, during certain periods. It is expected that more than one SOFR-based rate will be used in the financial markets. Different kinds of SOFR-based rates will result in different interest rates. Mismatches between SOFR-based rates, and between SOFR-based rates and other rates, may cause economic inefficiencies, particularly if market participants seek to hedge one kind of SOFR-based rate by entering into hedge transactions based on another SOFR-based rate or another

rate. For these reasons, among others, there is no assurance that SOFR, or rates derived from SOFR, will perform in the same or a similar way as LIBOR would have performed at any time, and there is no assurance that SOFR-based rates will be a suitable substitute for LIBOR. Active or Suggestive Investing. Particularly in connection with distressed investments, Silver Rock may communicate with the issuer of a security in an attempt to influence the issuer's decisions or strategies and enhance the value of the Client's investment. This could occur when the Funds, Managed Accounts and/or CLOs, together, have or seek to take a position in an issuer's securities that is material relative to other holders of the issuer's outstanding securities. Silver Rock's efforts may be ineffective for a variety of reasons, including: (i) opposition by the issuer's management or shareholders of the subject company; (ii) "preemptive" defensive efforts by the issuer, including a merger with, or a friendly tender offer by, another company; (iii) material changes in securities prices; (iv) intervention by a governmental agency; or (v) the issuer's corporate governance mechanisms. Successful advocacy with an issuer may also depend on the active cooperation of shareholders and others with an interest in the issuer, which may not materialize or may change. Even if Silver Rock's efforts succeed, market reactions may not be what was anticipated or hoped for and, particularly if the Clients' position in the issuer is material relative to other security holders, the Clients may be unable to exit their position at a favorable price.

Hedging. Silver Rock may use hedging strategies to the extent it considers appropriate in light of current circumstances and portfolio composition. It may do so using short positions in one instrument to hedge long positions in another instrument, and vice versa. Hedging strategies in general are intended to limit or reduce investment risk, but they can also be expected to involve transaction costs and may inherently limit or reduce the potential for profit. Hedges are often imperfectly inversely correlated with the underlying exposure the Client seeks to hedge and, to the extent that is the case, can subject the Client to additional risk, if prices involved in the hedging position move against the Client. Other risks that may be involved in hedging include: (i) possible illiquidity in the market for closing out a hedging position; (ii) interest rate, spread, or other broad market movements not anticipated by Silver Rock; (iii) the Client's obligations to meet margin or other payment requirements; (iv) a counterparty's default or refusal to perform; and (v) impact that required segregation of the Client's assets to cover hedge-related obligations may have on portfolio management or the Client's ability to meet short term obligations. Silver Rock does not attempt to hedge all market or other risks inherent in its positions and hedges certain risks, if at all, only partially. The Client's portfolio composition commonly results in various directional market risks remaining unhedged. In addition, reductions in a Fund's or Managed Account's net asset value may trigger events of default or termination events under various counterparty agreements. If Silver Rock is unable to obtain waivers from the relevant counterparties, such counterparties could exercise numerous remedies under the affected agreements, including liquidation of posted collateral and termination of outstanding trades.

Short Selling. Subject to each Client's investment guidelines and applicable law, Silver Rock sells securities short as a part of its investing activities for Clients. In a short sale, the Client sells securities it does not own, on the expectation that the market price will decline and the Client will be able to buy replacement securities later at a lower price. To accomplish this, the Client borrows the securities from a broker or other third party. It "closes" the position by "returning" the security (buying a replacement security on the lender's behalf). This "return" obligation does not typically have a specified "maturity" date and the lender generally may require replacement of the securities whenever it chooses. A short sale theoretically involves the risk of unlimited loss; the price at which the Client must buy "replacement" securities could increase



without limit. The Client may experience losses on short positions that are not offset by gains on long positions.

Portfolio Leverage. Leverage in the Client portfolios could increase both the possibilities for profit and the risk of loss. If a Client were to borrow to leverage its investments (margin borrowing), that borrowing would probably be secured by the Client's securities and other assets. Margin borrowings typically allow the lender to demand an increase in the collateral that secures a Client's obligations, and if a Client were unable to provide additional collateral, the lender could liquidate the collateral to satisfy the Client's obligations. Forced liquidation could have extremely adverse consequences, including sales at disadvantageous times and prices and the acceleration of tax consequences.

ERISA – Certain Private Funds. It is anticipated that, at various times, the assets of certain Clients may be (and, in the case of the Plan Assets Opportunistic Credit Fund, are) deemed to be “plan assets” subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and/or Section 4975 of the Internal Revenue Code of 1986, as amended (the “Tax Code”). During these periods, Silver Rock will be a fiduciary with respect to plans or accounts subject to Title I of ERISA and/or Section 4975 of the Tax Code investing in such Client directly or indirectly through a “Benefit Plan Investor” and will be prohibited from causing the Client to engage in certain transactions. While Silver Rock believes that it can effect the applicable Client's investment strategies utilizing various statutory and class exemptions to ERISA's prohibited transaction regime, there may be particular transactions which ERISA and/or the Tax Code will prevent the Client from entering into or investments which the Client must sell before it might otherwise do so.

Risks of Investing in Non-U.S. Securities. Clients may invest and trade in securities of non-U.S. companies or governmental entities, and in securities, commodity interests, and derivative contracts and instruments denominated in currencies other than U.S. dollars. Such securities and other instruments can subject the Client to risks not typically associated with investing in securities and commodity interests in the United States.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Client to execute their respective strategies. This may slow the rate of future investments by a Client, and result in longer holding periods for investments.

Financial Institution Risk; Distress Events. An investment in a Fund is subject to the risk that one of the Fund's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Fund's assets (each, a “Financial Institution”) fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty (each, a “Distress Event”). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event,

Silver Rock, the Funds and/or their portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation (“FDIC”), in the case of banks, or the Securities Investor Protection Corporation (“SIPC”), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Reliance on Technology; Cybercrime. Clients rely heavily on computer hardware and software, online services, data feeds, trading platforms, and other computer-related and communications technology and equipment to implement Silver Rock’s strategies and investment and trading activities. Clients’ custodians and counterparties, including prime brokers and exchanges, also rely critically on such systems and technologies. Should events such as computer data theft, “worms,” viruses, other cyber-attacks, and/or power failures cause failures or disruptions in the operation of any of those systems or technologies, Clients could experience losses, liabilities, or other adverse effects that Silver Rock may be unable to prevent or to mitigate.

In particular, Clients are subject to risks associated with a cybersecurity breach. Cybersecurity is a generic term used to describe the technology, processes, and practices designed to protect networks, systems, computers, programs, and data from “hacking” by other computer users, other unauthorized access, and the resulting damage and disruption of hardware and software systems, loss or corruption of data, and misappropriation of confidential information. If a cybersecurity breach occurs, Clients may incur substantial costs, including those associated with: forensic analysis of the origin and scope of the breach; increased and upgraded cybersecurity; investment losses from sabotaged trading systems; 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 both Clients and Silver Rock to civil liability as well as regulatory inquiry and/or action. In addition, any such breach could cause substantial withdrawals from the Funds and Managed Accounts. Investors could also be exposed to additional losses as a result of unauthorized use of their personal information.

Illiquidity of Investment in Closed-end Funds. Several characteristics of Silver Rock’s closed-end funds (e.g., there are no voluntary withdrawal rights, there are limitations on transfer rights, and the interests in the funds are not tradable), make an investment in the closed-end funds an illiquid investment that involves a high degree of risk. Interests in closed-end funds will not be registered under the Securities Act, or any state securities laws, and Silver Rock has no plans and is under no obligation to register the securities under the Securities Act. Such interest may be transferred, whether in the secondary market or otherwise, only with the express prior written consent of the general partner of that fund. An investment in a closed-end fund should be considered only by persons financially able to maintain their investment (i.e., will have no need for current liquidity for the duration of the fund’s term) and who can afford the loss of all or a substantial part of such investment.

Capital Calls. For certain Funds and Managed Accounts, capital calls will generally be dictated by market opportunities and will be made at Silver Rock's discretion, subject to the restrictions set forth in the Governing Documents. Accordingly, depending on investment opportunities and, if applicable, whether the pre-determined market-based triggers have been satisfied, a limited partner may not have its full capital commitment drawn, but the obligation to fund capital draws will remain outstanding for the full investment period. In addition, where applicable, if pre-determined market-based triggers are not met, Silver Rock will not be able to call capital to make investments it otherwise believes are attractive or appropriate, potentially causing the Fund or Managed Account to miss profit opportunities.

Reinvestment and Recall. All proceeds (including those representing a return of capital and any profits thereon) distributable (or previously distributed) to limited partners in a closed-end fund during the investment period will increase such limited partners' respective unfunded capital commitments and may be subsequently reinvested (or recalled for reinvestment) by the general partner. To the extent such amounts are reinvested in investments, a limited partner will remain subject to the risks associated with such investments. In addition, because the fund has the right to recall and reinvest any amounts distributed during the investment period that represent a "return of" as well as a "return on" invested capital, the amount of aggregate distributions made to a limited partner during the investment period may exceed (due to realized profits) the amount of aggregate capital contributions made by such limited partner during the same period. If this were to occur, such limited partner's unfunded capital commitment would exceed its original capital commitment and the fund would be entitled to make capital calls to the full extent of such limited partner's unfunded capital commitment.

Failure to Make Capital Contributions. If limited partners in a closed-end fund fail to fund their subscription obligations or make required capital contributions when due, the fund's ability to make investments, implement its investment program or otherwise continue operations may be substantially impaired. A default by a substantial number of limited partners would limit opportunities for investment diversification and likely reduce returns to the fund. Any limited partner who defaults in making a required contribution will generally be subject to certain penalties as set forth in the Governing Documents. In the event of a default by a limited partner, the non-defaulting limited partners may be required to make additional capital contributions (subject to the limits set forth in the Governing Documents) to cover the funding shortfall resulting from such default.

Investments Longer Than Term. Certain Clients may make investments that, due to various reasons, may not be capable of an advantageous disposition prior to the date the Client's vehicle is required to be dissolved, either by expiration of the vehicle's term or otherwise. The Client may be required to sell, distribute in kind or otherwise dispose of investments at a disadvantageous time as a result of dissolution. Moreover, if Silver Rock reasonably expects the investment horizon of a potentially beneficial investment opportunity will extend beyond the Client's term, Silver Rock may allocate such investment opportunity to a successor fund that has investment objectives that are substantially similar to the Client's investment objectives, instead of the Client.

Co-Investments. A Client may co-invest initially in a particular loan, security or other investment at substantially the same time as other Clients (including CLOs), in which case they would invest at substantially the same price; however, the actual price, terms and amount of leverage (if any), and associated transaction costs may differ between Clients. In addition, there can be no assurance that each

Client would dispose of such an investment at substantially the same price or time as other Clients due to many factors that may or may not be foreseeable at the time of investment, including available cash and other needs, differing basis in the investment, differing financing terms applicable to different investments, time horizons applicable to different Clients (including different investment periods) and their differing investment objectives and investment programs. Further, one Client's determination to dispose of an investment could affect the timing of another Client's disposal of that same investment. For example, such disposal could forfeit or diminish altogether certain rights or benefits held directly or indirectly by all Clients participating in the investment due to aggregate holdings size requirements or other considerations or otherwise affect the long-term viability of the investment, resulting in the determination by the other Clients that it is in their respective best interests to liquidate their positions as well even if the timing of such liquidation would not otherwise have been considered optimal. Further, to the extent a Client is required to liquidate its interest in such investment, such liquidation may have an adverse effect on the market value of the underlying investment.

Investment in Vehicles Managed by or Offered by Relying Advisers. Clients of the Firm have invested in the past and may invest in the future in other of the Firm's Clients or products that they offer. For example, with respect to CLOs in which all or any part of a tranche is owned by the Funds and/or Managed Accounts, the collateral manager will make decisions without regard to the potential impact, if any, that such decisions may have on the Funds and/or Managed Accounts that own securities issued by such CLOs.

Investing in Pre-Existing Investments. The Firm and its personnel have investments in the Firm's Clients (and Firm personnel have personal investments separate and apart from Silver Rock or Silver Rock-managed accounts) that could be viewed as creating a conflict of interest. Clients have invested in positions or issuers that Silver Rock, its employees, and/or other Clients and/or entities with which Silver Rock has a financial industry affiliation (see Item 10) also have, or may have, investments in, either directly or indirectly ("Existing Investments"). To the extent a Client invests in investments that are the same as or related to the Existing Investments, Silver Rock may be viewed as having a conflict of interest. For example, a Client's investment could be viewed as a means to enhance the value of the Existing Investments. Silver Rock will monitor and evaluate material potential conflicts relating to Existing Investments in accordance with its trading policies. In addition, Silver Rock's Clients managed pursuant to different strategies could be invested in different parts of an issuer's capital structure. If Silver Rock receives a proxy solicitation from that issuer, the outcome could have varying effects on different parts of the capital structure. In those circumstances, each Client's investment advisor or collateral manager, as applicable, will make business decisions relating to such investment independently of the analogous decisions made with respect to such investment by that of other Clients.

Business, Terrorism and Catastrophe Risks. Clients will be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events such as a pandemic. These catastrophic risks of loss can be substantial and could have a material adverse effect on the Firm's business and Clients' portfolios including investments made by the Firm.

Reliance on Service Providers. Silver Rock relies heavily on custodians, executing brokers and counterparties, administrators and other service providers (including under shared services agreements) for a variety of services that are essential to Clients' operations, including but not limited to executing, clearing,

and settling portfolio transactions, reporting transactions and positions, financial reporting, processing subscriptions and transfers and monitoring and providing information for regulatory reporting and related purposes. If Silver Rock's relationship with any of these service providers changes materially, or if either party experiences a business interruption or otherwise ceases to perform, Silver Rock's operations could be materially impaired or its Clients could lose assets. Any such changes could cause Clients to suffer losses.

## **Item 9. Disciplinary Information**

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To Silver Rock's knowledge, none of the Firm or any of its employees have been involved in any disciplinary events in the past 10 years that would be material to a Client or an investor's evaluation of the Firm or its personnel.

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

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*General Partners.* The general partners of Silver Rock's Clients that are private funds are related entities of Silver Rock. Additionally, Silver Rock's Clients that are private funds themselves may be considered related entities of Silver Rock.

*Relying Adviser.* Silver Rock Capital Partners and Silver Rock Management are relying advisers of Silver Rock Financial. Silver Rock Financial and its Relying Advisers provide certain services to each other, in exchange for a fee. Please see Item 5 (Fees and Compensation) and Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) for further discussion of potential conflicts of interest.

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

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### **CODE OF ETHICS**

Silver Rock has adopted a *Code of Ethics* (the "**Code**") expressing the Firm's commitment to ethical conduct. Silver Rock's Code describes the Firm's fiduciary duties and responsibilities to its Clients and sets forth Silver Rock's practice of supervising the personal securities transactions of supervised persons. Individuals associated with Silver Rock must seek pre-approval before transacting in reportable securities out of their personal accounts. In addition, reportable securities traded through personal accounts are subject to a minimum holding and cooling off period.

To supervise compliance with its Code, Silver Rock requires all employees to provide initial and annual securities holdings reports and quarterly transaction reports to the Firm's Chief Compliance Officer. Silver Rock requires that all individuals must act in accordance with all applicable U.S. federal and state regulations governing registered investment advisory practices. Silver Rock's Code includes a policy prohibiting the misuse of material non-public information. Any individual not in observance of the Code may be subject to discipline.

Silver Rock provides a complete copy of its Code to investors upon request to the Chief Compliance Officer, whose contact information can be found on the cover page of this Brochure.

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

Certain investment recommendations by Silver Rock or its related persons could create a material conflict of interest as summarized below. Silver Rock monitors and evaluates material potential conflicts in accordance with its policies and procedures. These risks are discussed more fully in Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss), Item 12 (Brokerage Practices – Trade Allocation and Aggregation of Orders) and each Client’s Governing Documents.

Interests of Silver Rock Personnel. Silver Rock’s principals and certain employees have an indirect financial interest in the underlying components of the Funds in which they are invested. Funds, Managed Accounts and CLOs in which Silver Rock, its personnel or their affiliates have a proprietary interest (including their personal investments separate and apart from Silver Rock or Silver Rock-managed accounts) could be viewed as creating a potential conflict of interest. In addition, Clients may invest in positions or issuers that Silver Rock’s employees or other Clients also have investments in, either directly or indirectly.

Relationships with Market Participants. Silver Rock personnel maintain relationships with financial institutions, other fund managers, and other market participants, and these market participants or their personnel may invest with Silver Rock or its Clients. Additionally, Silver Rock’s Clients may invest in issuers that are managed by or otherwise related to such market participants. While these relationships could potentially create a conflict of interest, Silver Rock makes investment decisions based on the best interest of each Client.

Cross Trades. Silver Rock has engaged and may in the future (but is not obligated to) engage in cross transactions in which a security is crossed between Clients. Silver Rock will only engage in the cross transaction if the transaction is deemed advantageous for each participant and only if the transaction is allowed under the relevant Client’s Governing Documents or applicable law. For publicly-traded equities and bonds, Silver Rock shall use an unaffiliated broker-dealer or custodian to cross trade securities between Clients. Cross transactions of loan interests may be conducted by Silver Rock without the use of a broker-dealer or custodian. In no instance will Silver Rock receive additional compensation when crossing trades for Clients.

Interests in CLOs. Certain Funds and Managed Accounts have invested in Clients structured as CLOs. In addition, certain Funds and Managed Accounts may engage in warehouse transactions for primary issuance of CLOs from which other Clients or third-party investors may acquire an interest. As described in Item 5 (Fees and Compensation), to the extent that a Fund’s or Managed Account’s investment in a CLO is subject to management fees charged to the CLO, any amount paid is subject to rebate or offset by Silver Rock Financial in favor of such Fund or Managed Account. Nevertheless, such CLO investments involve conflicts of interest inasmuch as such investments by the Firm’s Fund and Managed Account Clients enable the Firm to act as collateral manager of a CLO and earn fees from third-party CLO investors.

Overlapping Investments. Clients managed pursuant to different investment strategies could be invested in different parts of an issuer’s capital structure or business. In addition, the Firm’s responsibilities when

acting as the collateral manager for CLOs may potentially conflict with the investment objectives of other Clients if/when those Clients and the CLO are invested in the same asset or issuer.

Silver Rock expects its personnel to adhere to the highest standards with respect to any potential conflicts of interest with Clients and has adopted policies and procedures that are designed to identify and mitigate such risks. Investors should carefully review their respective Governing Documents discussing these risks in detail.

## **Item 12. Brokerage Practices**

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For discretionary accounts, Silver Rock has been granted the authority in the relevant Governing Documents to determine which securities and the amounts of securities that are bought or sold on behalf of its Clients, as well as the broker-dealer to be used and the commission rates to be paid.

### **Broker Selection and Best Execution**

Silver Rock has the authority to determine the broker-dealer to be used for each securities transaction for its Clients. In selecting broker-dealers to execute transactions, Silver Rock's policy is to seek the best execution of orders at the most favorable price in light of the overall quality of brokerage and research services provided. In determining the broker-dealer to be used for each securities transaction, Silver Rock adheres to the provisions of any relevant Governing Documents.

In selecting broker-dealers and negotiating compensation arrangements, Silver Rock typically takes into account a range of qualitative and quantitative factors, including: historical net prices (after markups, markdowns and other transaction-related compensation); transacting parties' execution, clearance and settlement and error correction capabilities generally and in connection with instruments of the type and in the amounts to be bought or sold; their willingness to commit capital; their reliability and financial stability; the size of the transaction; the availability of securities to borrow for short sales; the market for the instrument in question; and the nature, quantity, and quality of research and other services and products the transacting party provides. Silver Rock may place transactions with a broker-dealer that (i) provides the Firm with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers potential clients or limited partners to products advised by Silver Rock, if otherwise consistent with seeking best execution; provided Silver Rock is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of clients/limited partners. Clients may at times pay more than the lowest transaction cost available in order to obtain services and products other than the execution of securities transactions.

Silver Rock's Chief Compliance Officer must approve any new broker. Best execution is assessed on a contemporaneous basis by the Silver Rock employees with trading execution authority and periodically by Silver Rock's Best Execution Committee.

Silver Rock, on behalf of its Clients, may utilize so-called "dark pools" and other private trading venues to execute trades of equity securities. The prices used in dark pool trades might not be as reliable and current as they should be. The use of dark pools means that Silver Rock may not be able to take advantage of changes in prices because the market cannot react immediately to transactions occurring in dark pools.

### Soft Dollars

Silver Rock has not entered into, and does not intend to enter into, any formal soft dollar arrangements but may receive products or services from broker-dealers and other counterparties that to the best of Silver Rock's knowledge are generally made available to all institutional clients doing business with these counterparties. These products and services are, as far as Silver Rock is aware, made available to Silver Rock on an unsolicited basis and without regard to transaction costs paid by Silver Rock's Clients or the volume of business Silver Rock directs to these counterparties.

Silver Rock's Clients do not pay higher rates than those charged by other brokers in return for research. Silver Rock uses broker-provided research for the benefit of all its Clients.

### Trade Aggregation and Investment Allocation

Silver Rock may aggregate trades across strategies and Client vehicles when such aggregation is expected to be in the best interest of all participating Client vehicles. Silver Rock intends to act in a fair and equitable manner over time and will abide by the following principles when aggregating trades and allocating investments: first, Silver Rock allocates across investment families and strategies by determining a target position size and/or weighting of a particular investment for each applicable investment strategy ("Strategy Allocations") (if an investment is deemed appropriate for a strategy); and second, Silver Rock allocates across Client vehicles within the participating strategies, as appropriate.

At any given time, whether an investment is appropriate for a given strategy will depend on a variety of factors, including the instrument type, the investment's liquidity and risk profile. An investment may be appropriate for multiple strategies or, alternatively, it may only be appropriate for one strategy. The Strategy Allocations will be made based on the strategy-specific portfolio guidelines (including single-position limits/guidelines), macroeconomic conditions (including the current credit/market cycle), and available capacity. Within each investment strategy, as a general rule, Silver Rock aims to have consistent weightings among Client vehicles in an investment when the size of the investment being purchased or sold provides an opportunity for all participating vehicles to share in the investment. Allocations also will depend on whether a vehicle is subordinate (for example, a co-investment vehicle) in which case, it may participate only if the superordinate vehicle receives its full order (and, accordingly, the subordinate vehicle's participation will be reduced *before* that of the strategy if there is insufficient supply to fill an order).

At times, Silver Rock may have to adjust its allocations either across its strategies or between its Clients due to contingencies (such as deal specific developments, changes in the offering or the structure of the to-be-acquired investment, or a participating investor's failure to timely contribute capital or to otherwise satisfy closing conditions).

Silver Rock retains discretion to select an alternative means of allocation, subject to approval by Silver Rock's Chief Compliance Officer, who may seek input from Silver Rock's portfolio managers when appropriate. Silver Rock intends to allocate purchase and sale opportunities in a fair and equitable manner, to the extent possible, over a period of time and to maintain appropriate documentation of the allocation methodology.



### Trade Errors

Silver Rock has established trade processes and procedures designed to reduce the likelihood of errors and, in its sole discretion, will determine what constitutes a trade error. Silver Rock's general policy seeks to identify and correct any trade errors promptly and in a way that mitigates any losses. Generally, trade errors in a Client vehicle will be borne by the Client vehicle, as applicable, unless an error is the result of gross negligence, willful misconduct or violation of applicable laws by Silver Rock (except to the extent that either the Governing Documents or applicable law provides otherwise). Silver Rock does not provide reimbursement for lost opportunity costs.

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

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Positions held by Silver Rock's Clients are continuously monitored and reviewed by the investment advisory personnel of Silver Rock, including the respective portfolio managers and the Chief Compliance Officer. In addition, with respect to Clients structured as CLOs, periodic reviews of such accounts will be conducted in accordance with the relevant indentures and collateral management agreements. Client portfolios are reviewed in the context of the Clients' stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the Client's individual circumstances, or the market, political or economic environment.

Limited partners in the Funds and Managed Accounts that are private funds are provided a written monthly or quarterly performance report by Silver Rock, if applicable, and a written monthly or quarterly capital statement by those funds' administrator, Citco Funds Administration Limited. In addition, limited partners in those funds are provided with audited financial statements within 120 days of the end of the respective fund's fiscal year and any other information necessary to enable each limited partner to prepare its income tax returns. Final tax return information may be delayed past April 15 from time to time. Silver Rock may also prepare and deliver to such limited partners any additional information that Silver Rock deems pertinent upon request. Other Managed Account holders receive written statements, no less than quarterly, directly from their custodians and, if applicable, access to written reports generated by third party account administration service providers. Investors in Clients structured as CLOs receive written monthly trustee reports and audited quarterly payment reports as set forth in the CLOs' Governing Documents.

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

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The Firm does not make any payments to third-party solicitors for client referrals for the Funds and Managed Accounts.

Silver Rock Management may, from time to time, compensate third-party individuals or entities for client and limited partner referrals to CLOs. CLOs managed by Silver Rock Management have in the past and are expected in the future to use a placement agent for the primary offering of such vehicles, but the placement agent does not conduct marketing activities following the closing of the primary offering. To the extent deemed applicable, such arrangements will be entered into in accordance with the applicable rules and

requirements under the Advisers Act. Prospective investors will be advised in advance of the nature of and compensation payable in connection with such referral arrangements.

## **Item 15. Custody**

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Either Silver Rock Financial or Silver Rock Capital Partners is deemed to have custody of the Funds (and Managed Accounts that are private funds) that it manages because it or an affiliate acts as general partner to the Funds (and Managed Accounts structured as private funds). Accordingly, Silver Rock Financial and Silver Rock Capital Partners are subject to Rule 206(4)-2 under the Advisers Act (the “Custody Rule”). The assets of those funds are held in custody by unaffiliated, long-standing broker-dealers or banks, all of whom are qualified custodians as the term is defined in the Custody Rule. Such funds are subject to an audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Audited financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and sent to the respective investors in the audited vehicles within 120 days of the end of those vehicles’ fiscal year.

As previously described, Managed Accounts that are not private funds receive statements directly from their custodians and, if applicable, access to reports generated by third party account administration service providers.

Silver Rock is not deemed to have custody over assets of any CLO (or any CLO warehouse) by virtue of its status as investment manager or collateral manager. Silver Rock does not maintain actual physical custody of any CLO or CLO warehouse assets, which are or will be held in the custody of the CLO’s trustee.

## **Item 16. Investment Discretion**

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As set forth in its Clients’ Governing Documents, which contain limited powers of attorney, Silver Rock accepts discretionary authority to manage securities accounts on behalf of its Clients. Clients (but generally not investors) are permitted to place limits on this discretion or with respect to certain investments and/or investment types. Please see Item 4 (Advisory Business) for more information.

As investment adviser to the Funds and Managed Accounts, the Firm has been granted the discretionary authority, subject to the terms of the relevant Governing Documents, to determine which securities and the amounts of securities that are bought or sold, as well as the broker-dealer to be used and the commission rates to be paid.

As collateral manager to CLOs, the Firm’s discretionary authority to buy and sell assets on behalf of a CLO is subject to any restrictions in the applicable Governing Documents of each CLO.

## **Item 17. Voting Client Securities**

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In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, Silver Rock has adopted and implemented written policies and procedures governing the voting of Client securities.

Proxies must be voted with diligence, care, and loyalty. Silver Rock considers each proxy decision (including, potentially, the decision to abstain from voting a proxy) in accordance with its fiduciary duty to its Clients. Silver Rock generally seeks to vote proxies in a way that maximizes the value of Clients' assets. Each proxy vote decision is ultimately made on a case-by-case basis, as Silver Rock considers the contractual obligations under Governing Documents, and all other relevant facts and circumstances at the time of the vote. Silver Rock may also have occasion to vote in connection with an interest in a bank loan. In that situation, Silver Rock will follow these fiduciary principles for such votes as well.

Silver Rock documents and abides by any specific proxy voting instructions conveyed by a Client with respect to that Client's securities.

The applicable portfolio manager, with the assistance of other investment personnel and in consultation with the Chief Compliance Officer, considers whether Silver Rock is subject to any material conflicts of interest in connection with each proxy vote.

With respect to class actions, Silver Rock has appointed an unaffiliated third party to monitor class action settlements and file claims on behalf of certain Clients. Any aggregated recovery received as a result of participation in a class action settlement shall be paid to the relevant Clients pro-rata based on the percentage of the relevant holding and/or relevant transactions in each Client vehicle. For its services, the third-party service is paid based on a percentage of the proceeds recovered from a class action filing. It should be noted that the Clients bear the cost (i.e., receive a reduced amount of the class action proceeds) of any third party used for class action recovery services. Silver Rock also may file a claim for Clients without the use of the third-party service, in which case there is no such reduction in proceeds. Silver Rock credits any class action settlements received for a private fund to current investors in that private fund.

Clients may obtain a copy of Silver Rock's Proxy Voting and Class Actions policy and procedures or information with respect to a specific proxy vote as it relates to their account by submitting a request to the Chief Compliance Officer, whose contact information can be found on the cover page of this Brochure.

## **Item 18. Financial Information**

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Silver Rock has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage any Client, nor does Silver Rock require the payment of fees six months or more in advance.