

Form ADV Part 2A: Firm Brochure

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This brochure provides information about the qualifications and business practices of Bay Point Advisors, LLC (“BPA” or the “Adviser”). If you have any questions about the contents of this brochure, please contact us at (404) 963-6031. 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.

The Adviser is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.

Additional information about the Bay Point Advisors, LLC is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

There have been no material changes since the most recent filing in March 2023.

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Item 4 – Advisory Business

Bay Point Advisors, LLC (“BPA” or the “Adviser”, “we”, “us” or “our”) is a limited liability company organized under the laws of Delaware. BPA, is a registered investment adviser with the Securities and Exchange Commission (“SEC”) and is therefore subject to the Investment Advisers Act of 1940, as amended (“Advisers Act”). BPA has current business activities that primarily consist of providing investment advisory services to Private Funds (as defined below). Certain of BPA’s Private Funds operate under exemptions available under the Investment Company Act of 1940, as amended (“ICA”). BPA also serves as investment adviser to a certain Private Fund structured as a Cayman Islands exempted company incorporated pursuant to the Companies Law (as amended) of the Cayman Islands. In addition, BPA facilitates loan participation interests with investors in exchange for service fees that are negotiated under a participation agreement.

BPA is owned by these entities: Bay Point Venture Corp., a company incorporated under Delaware laws; Andros Holdings, LLC, a limited liability company organized under Georgia laws; and GEJ Investment Corp., a company incorporated under Georgia laws. The indirect owners and principal officers of the Adviser include: James Kauffmann, Managing Member; Charles Andros, Managing Member; and Gregory Jacobs, Managing Member.

BPA, more specifically, serves as Adviser and General Partner to three private funds (collectively, the “Credit Funds”):

- Bay Point Capital Partners, LP (“Fund I”);
- Bay Point Capital Partners II, LP (“Fund II” or “Master Fund”); and
- BPCP II Offshore, Ltd. (“Offshore Fund” or “Feeder Fund”).

BPA, also serves as Adviser to a private fund that has a separate, but related, General Partner. The General Partner for that private fund is BP Legal GP, LLC:

- Bay Point Legal Fund, LP (“Legal Fund”)

The Credit Funds and the Legal Fund shall be collectively referred to herein as the “Private Funds.”

The Private Funds themselves are the clients of the Adviser and the investment advice is based on the investment objectives of each Private Fund and not the Limited Partners in the Private Funds (or “Limited Partners”). Limited Partners must meet the criteria attendant to being deemed a “qualified client” as defined under the Advisers Act for investment in Fund I and Legal Fund whereas Limited Partners in the Master Fund and Offshore Fund must meet more rigorous requirements as “qualified purchasers” as defined under the ICA.

BPA is a member in the General Partner entity for the Legal Fund. The other member in the General Partner entity is an employee of BPA. Furthermore, the General Partner of the Legal Fund is subject to the Advisers Act pursuant to the Adviser’s registration in accordance with SEC guidance. The General Partner of the Legal Fund operates as a single advisory business together with the Adviser.

The strategic objective of the Credit Funds is to generate consistent, low volatility returns and generate current income primarily by making or purchasing loans and by otherwise identifying securities and other investments that the Adviser believes can be purchased at a discount to their long-term intrinsic value. The Credit Funds typically invest, either directly or indirectly, in privately negotiated investments in a variety of secured or unsecured loan types (as described in further detail within Section 8: Methods of Analysis, Investment Strategies and Risk of Loss.)

The strategic objective of the Legal Fund is to generate income and capital appreciation primarily through acquiring and owning financial interests in certain litigation matters, including multi-jurisdictional mass tort litigation matters, in the United States, through one or more funding agreements.

Bay Point Legal Partners, PLLC (the “Arizona Law Firm”) is a limited liability company formed under the laws of the State of Arizona. The Arizona Law Firm is owned directly by one of the members of the General Partner of the Legal Fund. The Legal Fund seeks to primarily achieve its investment objectives through funding agreements and revenue pledge agreements with the Arizona Law Firm. Each funding agreement is structured as a promissory note and have maturities that end no later than the termination of the Legal Fund. The revenue pledge agreements grant the Legal Fund a revenue pledge of 100% of all revenue earned by the Arizona Law Firm less the cost of such revenue.

Bay Point Media, LLC (“BPM”) is a wholly owned subsidiary of Bay Point Advisors. BPM is a relying advisor with BPA. BPM provides debt financing and growth capital for production, distribution, and infrastructure to the film and television industries.

The Adviser’s specific advisory services with respect to each Private Fund are detailed in the applicable private placement memoranda (or similar offering documents), investment management agreements, limited partner agreements, and other operating agreements (together “Governing Documents”).

BPA presently provides investment advice only to the Private Funds and, as such, does not tailor its advisory services or investment objectives or strategies to the requests or needs of individual Limited Partners in the Private Funds, nor does it generally accept underlying investment restrictions from Limited Partners in the Private Funds, although certain Limited Partners may be excused from a particular investment due to legal, regulatory or other agreed upon circumstances in BPA’s sole discretion. As noted, BPA facilitates loan participation interests through participation agreements which, at times, may cause a conflict of interest in connection to the management of the Private Funds and by extension to the Private Funds’ Limited Partners in the Private Funds. BPA has adopted controls to mitigate the conflicts in keeping with its fiduciary standard as a registered investment adviser.

Fund II has entered into a master-participation agreement (i.e., contract between these parties to facilitate joint purchases) with Fund I. Both Fund I and Fund II maintain the same investment objective (as outlined above) and substantially the same investment strategy. The only material difference between the Fund I and Fund II is that Fund I operates pursuant to an exemption from registration under the ICA provided by Section 3(c)(1), which requires that Fund I interests not at any time be owned by more than 100 beneficial owners, whereas Fund II (and the Offshore Fund) operates pursuant to an exemption from registration under the ICA provided by Section 3(c)(7), which requires that all investors be “qualified purchasers” (as defined in Section 2(a)(51) of the ICA). The Offshore Fund is a specialty investment company that seeks to achieve its investment objective of providing investors with consistent above-average risk-adjusted returns with low volatility. The Offshore Fund seeks to achieve its objective by purchasing revolving loan and non-voting equity in Bay Point Capital Partners II Holdings LLC, a Delaware limited liability company taxed as a corporation for U.S. federal income taxes. Bay Point Capital Partners II Holdings LLC invests all of its capital in the Master Fund, which is limited to U.S. or foreign investors (or “Limited Partners”) who qualify as “qualified purchasers” as defined under the ICA. In short, the Offshore Fund is a Feeder Fund to the Master Fund.

The Governing Documents describe the investment strategy and guidelines for BPA Private Funds inclusive of any applicable restrictions and the ability to vary therefrom. The Adviser then seeks to locate assets for each Private Fund that are within such guidelines and consistent with the overall portfolio needs of each Private Fund. For more detailed information regarding such restrictions, please refer to the Private Funds’ respective Governing documents.

As of December 31, 2023, the Adviser has approximately \$712,917,990 in regulatory assets under management, all of which are managed on a discretionary basis.

Item 5 – Fees and Compensation

The Adviser assesses a management fee to the Credit Funds borne by the limited partners that is paid quarterly and in advance. The management fees are equal to 0.50% (2.0% per annum) of the beginning capital account of each Limited Partner for each quarter, including, for this purpose, such Limited Partner’s interest in all side pocket investments. Neither the Offshore Fund or Bay Point Capital Partners II Holdings LLC (which is classified as a Corporate Fund) will pay a management fee on account of any investment in Fund II. All expenses of the Offering and organization of the Credit Funds—including legal and other expenses—are classified as “Organizational Expenses” and were incurred by the Limited Partners of the Credit Funds.

With respect to the Credit Funds, BPA will receive an incentive allocation equal to 20% of any profits generated for each Limited Partner (subject to a highwater mark) for each calendar year.

To calculate the incentive allocation, each Credit Fund maintains a memorandum loss recovery account for each Book Capital Account of each Credit Fund investor (a “Loss Recovery Account”), the opening balance of which is zero. At the end of each measurement period and before giving effect to any withdrawals, any aggregate losses allocated to a Credit Fund investor’s book capital account for that measurement period will be added to the Loss Recovery Account and any aggregate profits (prior to the accrual of the Incentive Allocation for such measurement period) will be subtracted from the Loss Recovery Account. Each Loss Recovery Account will be reduced proportionately with respect to any partial withdrawals from the book capital account to which such Loss Recovery Account relates. The balance in the Loss Recovery Account will never be reduced below zero for any measurement period. The Offshore Fund will, under the Performance Allocation, calculate profits initially allocable to each Limited Partner in Offshore Fund to be allocated in the same manner as described above for the other Credit Funds.

The Adviser assesses a management fee to the Legal Fund borne by the Limited Partners that is paid quarterly and in advance. The management fees are equal to 0.50% (2.0% per annum) of (i) the aggregate capital commitments made to the Legal Fund during the Investment Period (which is defined as the last day that ends 24 months after the date of the initial close); and (ii) the then-current invested capital thereafter. All expenses of the Offering and organization of the Credit Funds—including legal and other expenses—are classified as “Organizational Expenses” and were incurred by the Limited Partners of the Legal Fund.

With respect to the Legal Fund, the Legal Fund will pay to its General Partner a one-time acquisition due diligence fee in connection with the making of each investment by the Fund equal to 1% of the price at which each investment was acquired by the Legal Fund.

With respect to the Legal Fund, the General Partner will generally distribute cash flow in accordance with the Legal Fund’s limited partnership agreement. Any distributions of Distributable Cash will generally be made in the following order: (i) First, 100% to all Partners, pro rata in proportion to their relative Capital Contributions, until the Partners have received distributions equal to their aggregate Capital Contributions; (ii) Second, 80% to each Limited Partner pro rata in accordance with its respective ownership percentage in the Fund, and 20% to the General Partner; and (iii) Third, beginning at such time as each Limited Partner has received pro rata cumulative distributions equal to an aggregate 25% internal rate of return (“IRR”), 70% to each Limited Partner pro rata in accordance with its respective ownership percentage in the Fund, and 30% to the General Partner.

BPA uses unaffiliated organizations to market interests in the Private Funds. The General Partner of the applicable Private Fund in which the referenced Limited Partner’s investment is made compensates the unaffiliated organization or individual (collectively “Solicitors”) responsible based on the attendant referral contractual agreement. Further, any such compensation is not borne by any investor in such Private Fund. Selling commissions and/or referral fees may be paid in connection with the offering of the Private Fund(s) interests of the Private Funds.

In addition, BPA has one supervised person who receives additional compensation through referrals to the Private Funds. Such a practice presents a potential conflict of interest and gives the supervised person an incentive to recommend an investment in the Private Funds based on the compensation received, rather than on an investor’s needs. All prospective investors referred by such Solicitors are notified of this relationship prior to the time the investor invests in the applicable Fund. See Item 14 Client Referrals and Other Compensation, for additional information.

BPA, as noted, will negotiate service fees under a participation agreement with certain investors in exchange for facilitating loan participation interests (or “LPI”). The investors entering a participation agreement with BPA are doing so outside the scope of the Private Funds; therefore, fees that are charged by BPA will vary depending on multiple factors involving each LPI.

Each Private Fund will pay its offering and organizational expenses as well as all ordinary operating and other expenses, including, but not limited to, investment-related expenses (such as brokerage commissions, finders or referral fees, clearing and settlement charges, custodial fees, interest expenses, expenses relating to consultants, brokers or other professionals or advisors who provide research, legal, advice or due diligence services with regard to investments, dead deal expenses, appraisal fees and expenses and investment banking expenses, and fees and expenses to Independent Contractors); the cost of monitoring or servicing investments, including without limitation travel expenses, third party servicing fees, appraisals, inspection costs, and the cost of specialized computer software utilized to monitor or service investments; research costs and expenses (including fees for news, quotation and similar information and pricing services); legal expenses (including, without limitation, the costs of on-going legal advice and services, blue sky filings and all costs and expenses related to or incurred in connection with the General Partner’s compliance obligations under applicable federal and state securities and related regulations arising out of its relationship to the Private Fund as well as extraordinary legal expenses, such as those related to litigation or regulatory investigations or proceedings); the Management Fee; accounting fees and audit expenses; administrative fees; tax preparation expenses and any applicable tax liabilities (including transfer taxes and withholding taxes); other governmental charges or fees payable by the Fund; costs of printing and mailing reports and notices; costs of insurance against any loss or expense that would otherwise be an expense borne by the Private Fund, including against claims or losses for which the Private Fund has provided indemnification; and other similar expenses related to the Private Fund, as the General Partner determines in its sole discretion. The General Partner may elect to pay any of the foregoing expenses, including any portion of the organizational expenses, from the General Partner’s own resources for any period, in the sole discretion of the General Partner.

In addition, the Legal Fund will pay the Arizona Law Firm’s Errors and Omission Insurance and Directors and Officers Insurance with the money the Legal Fund will loan the Arizona Law Firm by way of the Funding Agreements.

The Legal Fund will also pay for the operating expenses of the Arizona Law Firm with the money the Fund will loan the Arizona Law Firm by way of Funding Agreements, including, but not limited to, one Legal Fund Principal’s salary and related compensation from the Arizona Law Firm, establishing an office in Arizona and all expenses for organizing and operating that office, payments to a third party that will help monitor the client acquisition process and the litigation matters, and litigation referral fees.

To the extent that a Private Fund is responsible for costs and expenses for which other Private Funds or accounts managed by the General Partner also receive a benefit, the General Partner shall allocate such costs and expenses between the Private Funds and the other accounts in a reasonable manner.

In the event of a securities transaction, Clients also bear trading costs, such as brokerage commissions, soft dollars, and other trading costs. Clients also bear costs associated with the due diligence and execution of investments. Please review Item 12: Brokerage Practices for additional information.

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

The performance-based fees payable to each Private Fund's General Partner that are described in Item 5 above, have the potential to create an incentive for the Adviser to make investments that are riskier or more speculative than those which would be made under a different fee arrangement. In general, though, the Adviser considers performance-based compensation to better align its interests with those of each Private Funds' Limited Partners.

As BPA does not manage any client accounts, including other Private Funds, that would not be subject to a performance fee under the contract or Governing Documents, the actual conflicts of interest posed by managing accounts incentivized by performance fees paid to the Adviser alongside non-eligible performance fee accounts does not currently exist.

Item 7 – Types of Clients

The Adviser provides investment advice to the Private Funds. The Private Funds may include investments in funds or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the ICA. The investors participating in the Private Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of the Adviser and its affiliates and members of their families, or other service providers retained by the Adviser.

Whereas Fund I, Fund II, and the Legal Fund have a minimum investment amount of \$250,000 for third-party Limited Partners, the Offshore Fund requires a minimum investment amount of \$1,000,000. The Private Funds also maintain their own criteria for eligibility. Fund I and Legal Fund interests are offered and sold solely to individuals or entities classified as "qualified clients" as defined by Rule 205-3 of the Advisers Act whereas Fund II and the Offshore Fund are offered exclusively to individuals and entities classified as "qualified purchasers" as defined in Section 2(a)(51) of the ICA. The Offshore Fund also requires investors to be a "Sophisticated Investor." A Sophisticated Investor is a person (a) who does not require immediate liquidity for his or her investments, (b) for whom an investment in the Fund does not constitute a complete investment program, and (c) who fully understands and is willing to assume the risks involved in the Offshore Fund's investment program.

Pursuant to regulatory standards, Fund I and Legal Fund are each limited to 100 Limited Partners (excluding the General Partner interest) whereas Fund II and the Offshore Fund are each limited to 1,999 Limited Partners (including the General Partner interest) or a number of Limited Partners fewer than permitted by the regulatory standard as determined at the sole discretion of BPA.

As BPA has full discretionary authority to manage investments that are acquired or liquidated by the Private Funds, it is important for Limited Partners to understand that the investments are made in accordance with the procedures set forth in the organizational documents of such vehicles and the related Private Fund and not in a manner tailored to the individual Limited Partner.

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

Methods of Analysis. BPA searches for opportunities where capital is scarce for reasons unrelated to value. The Adviser seeks to avoid the disruptive forces associated when massive capital flows overwhelm income generating sectors as individual investors and institutions relentlessly search for yield. The Adviser will generally allocate capital to niche markets that are difficult to access, require in-depth research, and are less efficient. New investments must pass the underwriting standards by the Adviser's Investment Committee. The Investment Committee methodically researches each potential investment, applying proven due diligence methods to analyze and measure the risk and reward. Since BPA's target markets are generally smaller in size, these assets require specialized due diligence, origination, and servicing that we believe is uncommon in the asset management industry. Fundamentally, BPA selects opportunities that withstand the Adviser's rigorous review process. Before committing capital, the Adviser must believe that the receiver of the capital has sound judgment, a solid reputation as a business partner, that the capital committed can solve a problem, and a viable exit exists.

Investment Strategies. The strategic objective of the Adviser for the Credit Funds is to generate consistent, low volatility returns and generate current income for the Funds primarily by making or purchasing loans and by otherwise identifying securities and other investments the Adviser believes can be purchased at a discount to their long-term intrinsic value. The Funds invest, either directly or indirectly in privately negotiated investments, including, but not limited to: commercial real estate loans, secured business loans, secured equipment loans, secured receivables/inventory financing, tax deeds, preferred equity securities, media loans and financing, and unsecured loans attendant to the overall investment strategies of the Adviser. As a general principle, the Investment Committee emphasizes collateral value, short duration, and the ability to obtain control for the Funds' portfolio selections.

The strategic objective of the Adviser for the Legal Fund is to generate income and capital appreciation primarily through acquiring and owning financial interests in certain litigation matters, including multi-jurisdictional mass tort litigation matters, in the United State, through one or more funding agreements. In addition, the Legal Fund may also provide pre and post settlement loans to certain plaintiffs in certain litigation matters in exchange for interest payments on those loans and liens on interest in the anticipated proceeds. The Legal Fund may also engage in general lending, including providing direct or indirect loans to law firms in exchange for interest payments on such loans and liens on interests in any proceeds from the law firms cases.

Investment Risks. Investment in the Private Funds is subject to risk of loss and, in particular, those specific risks described more fully in the Governing Documents applicable to the Private Funds.

While a complete discussion of the material risks is included in the Governing Documents for each Private Fund, the following information furnishes a representative summary of the associated risks of making investments in the Private Funds.

The Private Fund(s)'s success depends on the General Partner's ability to implement its investment strategy. Any factor that would make it more difficult to execute timely trades, such as a significant lessening of liquidity in a particular market, may also be detrimental to profitability. No assurance can be given that the investment strategies to be used by the Private Fund(s) will be successful under all or any market conditions.

No Assurance of Investment Return. The General Partner's task of identifying and evaluating investment opportunities, managing such investments and realizing a return for investors is difficult. Certain markets in which the Private Fund(s) will invest are extremely competitive for attractive investment opportunities and, as a result, there may be reduced investment returns. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize on such investments successfully. There is no assurance that the Private Fund(s) will be able to invest its capital on attractive terms or generate returns for its investors. Limited Partners could experience a loss of their entire investment.

Limited Fund(s) Interests. The Private Fund(s) is intended for long-term investors who can accept the risks associated with the Fund(s)'s investment objective, which involves a high degree of financial risk and investments in potentially illiquid securities.

Possible Disproportionate Impact of Suspensions of Withdrawals. Limited Partners who have the right to withdraw from their Capital Accounts at times when other Limited Partners are subject to restrictions on their withdrawal rights may be able to withdraw from the Credit Fund(s) before the suspension of withdrawals or other events that may affect the value and Credit Fund(s) of the Interests.

Market Disruptions. The Private Fund(s) may incur major losses in the event of disrupted markets and other extraordinary events. The risk of loss from pricing distortions is compounded by the fact that many positions become illiquid in disrupted markets.

Investment and Trading Risks. All investments involve the risk of a loss of capital. The General Partner believes that the Private Fund(s)'s investment program and its research and risk-management techniques moderate this risk through the careful selection of portfolio investments. No guarantee or representation is made that the Private Fund(s)'s investment program will be successful, and investment results may vary substantially over time.

Liquidity of Investments. The Credit Fund(s) could invest in securities/financial instruments, including Mortgage Loans, Side Pocket Investments, and other assets for which no (or only a limited) liquid market exists or that are subject to legal or other restrictions on transfer. The market prices, if any, for such investments tend to be volatile, and may fluctuate due to a variety of factors that are inherently difficult to predict, including, without limitation, changes in interest rates, prevailing credit spreads, economic conditions, financial market conditions, domestic or international economic or political events, developments or trends in any particular industry and the financing condition of the obligors on the Credit Fund(s)'s investments.

Changes in Law and/or Policy. Adverse changes in law or policy in the United States would reduce both the availability of favorable litigation matters for acquisition and the value of acquired acquisition matters. Litigation is costly, time-consuming, and inherently uncertain. In addition, decisions by the US Congress and state and federal courts could change in unpredictable ways that would weaken the Legal Fund's ability to find litigation matters in the near future as well as the litigation matters that it might obtain in the future, and such decisions could devalue litigation matters in which the Legal Fund has invested.

The Arizona Law firm's and the Legal Fund's performance in acquiring litigation matters is dependent on the laws in the United States. A change of laws in the United States or a ruling by a judicial body may adversely impact the Arizona Law Firm's and the Legal Fund's ability to acquire litigation matters.

Availability and Identification of Successful Litigation Matters. The Legal Fund's success is dependent upon the continued availability of litigation matters that have the potential to generate returns through litigation or otherwise and the Arizona Law Firm's and BPA's ability to identify, vet, and consummate successful litigation matters that result in a net positive amount of proceeds over the life of the Legal Fund. The Legal Fund is particularly reliant on the Arizona Law Firm's ability to utilize its extensive network of law firms to continuously identify litigation matters for the Legal Fund's consideration. The Arizona Law Firm's network, and those relationships within it, would not otherwise be available to the Legal Fund without the participation of the Arizona Law Firm. Should the Arizona Law Firm cease operations or otherwise terminate its relationship with the Legal Fund, the Legal Fund will have no existing resource pool to source litigation matters. This would materially and adversely affect the ability of the Legal Fund to operate and/or realize any profit. There is no guarantee that the Arizona Law Firm and BPA will be able to continue to secure successful litigation matters for various reasons, thereby affecting the overall amount of proceeds received by the Legal Fund.

Acquisition Due Diligence Will Not Be Definitive. The success of a Legal Fund investment will depend in part on the strength of acquired litigation matters. While the Arizona Law Firm will review litigation matters, the due diligence that it performs will not be comprehensive and may vary from industry standard practices in many respects. The due diligence performed by the Arizona Law Firm, and any resulting opportunities presented to the Legal Fund and reviewed by BPA may not yield returns and may result in a loss. The due diligence performed by the Arizona Law Firm will be made on partial and incomplete information, with knowledge of known and unknown significant risks and knowledge that any such due diligence is performed based on incomplete and potentially inaccurate information. In accordance with historical practices, the Arizona Law Firm performs due diligence based on years of experience and on information available to it that may be incomplete and partial, knowing that information may come to light at a future point that may serve to undermine or contradict the information the Arizona Law Firm used to conduct its due diligence. To illustrate, the strength of a litigation matter and likelihood of success is ultimately determined by a trier of fact and/or law (e.g., judge, jury, appeals court, or administrative body), which may occur after a lengthy discovery process in which experts may provide expert testimony with respect to a given litigation matter. Any due diligence performed by the Arizona Law Firm may turn out to be incomplete, irrelevant, or erroneous at a later stage. Any one or a number of factors and facts that may come out (e.g., during discovery after a lawsuit is filed), could serve to undermine the strength of the litigation matters and the Arizona Law Firm's due diligence. Further, the Arizona Law Firm's due diligence to assess the strength of a litigation matter may be limited. As a result, some acquired litigation matters may be found to be weak, and recoverable damages may not be significant. Any such event would adversely affect the realization of any profits from litigation matters and the overall profitability of the Legal Fund.

Reliance on Arizona Law Firm and BPA's Judgement. There is no guarantee investment opportunities provided by the Arizona Law Firm and reviewed and approved by the BPA will yield returns. Any investment opportunity presented by the Arizona Law Firm and reviewed by BPA will be made on partial and incomplete information, with knowledge of known and unknown significant risks and knowledge that any such recommendation is made on incomplete and potentially inaccurate information. In accordance with historical practices, the Arizona Law Firm reviews litigation matters based on years of experience and on information available to it that may be incomplete and partial, knowing that information may come to light at a future point that may serve to undermine or contradict the information the Arizona Law Firm used to present an investment opportunity to BPA.

Potential for More Limited Revenue than Estimated Based on Due Diligence. When the Arizona Law Firm performs its due diligence, it will have incomplete access to information and would need to estimate potential damages. To the extent the Arizona Law Firm estimates potential revenue with respect to a litigation matter opportunity, any such estimation is inherently a speculative estimate based on incomplete information and unknown information, and the Legal Fund may overpay for litigation matters and incur substantial expenses before it becomes clear during discovery or later during litigation that some litigation matters are not as valuable as originally estimated. To illustrate, litigation matter damages are determined by a trier of fact and/or law after a lengthy discovery process and experts may provide expert testimony on what damages could or should be for a given litigation matter. When the Arizona Law Firm performs its due diligence, it is performing its analysis based on a very limited set of information and data, and such due diligence may turn out to be incomplete, irrelevant, or erroneous at a later stage, particularly during litigation. Any one or a number of factors and facts that may come out during discovery, after a lawsuit is filed, could serve to undermine the value of litigation matters and the Arizona Law Firm's due diligence.

Arizona Law Firm and the Legal Fund's Reliance on Third Party Analysis. The Arizona Law Firm and the Legal Fund may rely on third party consultants or attorneys to review and assess one or more of validity, damages, strategy, and monetization strategies associated with the litigation matters. The Arizona Law Firm and the Legal Fund may turn over any due diligence or associated work product to such third party to review and assess, or may not perform any due diligence and rely solely on such third party's review and analysis. The Arizona Law Firm and the Legal Fund may rely on such third-party review and analysis, even if such third party's review and analysis may contradict the Arizona Law Firm's and the Legal Fund's own due diligence and analysis. The Arizona Law Firm and the Legal Fund may rely on such third-party review or analysis, even where the Arizona Law Firm and the Legal Fund may have no prior working relationship with such third party or where such third party may have limited to no experience in the mass tort litigation area, which may result in adverse outcomes that could have been avoided by using more experienced consultants or attorneys.

Transactional Document Risk. The Arizona Law Firm drafts transactional documents for the SPVs (e.g., Funding Agreements) and may not hire outside counsel. There are risks that such transactional documents may be found to be inadequate, unenforceable, or otherwise deficient to the detriment of the Legal Fund or SPV. The Arizona Law Firm may make an error and such errors may create, including without limitation, issues, errors, or limitation on acquired litigation matters.

The Arizona Law Firm. The Arizona Law Firm is a law firm, but neither the Arizona Law Firm nor any of its principals represents the Legal Fund, its investors, or any SPVs in any legal capacity whatsoever.

Early Settlements by SPVs May Inflate Returns. BPA may recommend that SPVs accept early settlements in cases. Such early settlements may devalue the respective litigation matters and set a low benchmark for future settlements, but such settlements may provide early favorable returns to the Legal Fund. Such early settlements may significantly increase the early return profile of a Legal Fund investment, which may not accurately represent the potential return profile of the overall Legal Fund and should be not be relied upon as an indicator of potential Legal Fund performance.

Unspecified Investments. The Private Fund(s)'s investments will vary based on the General Partner's analysis. As a result, it is not possible to predict the nature of all of the specific investments that the Private Fund(s) will make. The Limited Partners will not have the opportunity to personally evaluate each specific investment that the Private Fund(s) will make, nor will they be able to monitor those investments.

Investments in Distressed Assets. The Credit Fund(s) may invest in distressed assets and portfolios of distressed assets, including high yield securities and noninvestment grade obligations of U.S. and foreign companies (including companies in significant financial or business difficulties), delinquent and charged-off consumer loans, commercial and residential mortgage loans, small business loans and real estate. Although such investments may result in significant returns to the Credit Fund(s), they involve a substantial degree of risk.

Loan Origination, Credit Risks and Fraud. The Private Fund(s) engages in certain loan origination activities and may take a larger position in a particular lending opportunity if the General Partner perceives a possibility of selling, issuing participations or otherwise transferring in the future all or part of such loans to other persons or entities, as applicable. While loans and other assets purchased or originated by the Private Fund(s) will generally be collateralized, the Private Fund(s) will be exposed to losses resulting from default. Of paramount concern in purchasing or originating loans and other assets is the possibility of material misrepresentation or omission on the part of a counterparty.

High-Yield Securities. The Credit Fund(s) may invest in high-yield securities. Such securities are generally not exchange traded and, as a result, these instruments trade in a smaller secondary market than exchange-traded bonds. In addition, the Credit Fund(s) may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments.

Reliance on Key Individuals. The success of a particular portfolio for a Private Fund is dependent on the expertise of the Underlying Manager for that Private Fund.

Illiquid Investments. The Private Fund(s) may invest in securities, loans or other assets for which no (or only a limited) market exists or that are subject to legal or other restrictions on transfer. It may take the Private Fund(s) longer to liquidate these positions (if they can be liquidated) than would be the case for more liquid investments.

Concentration of Investments. The Credit Fund(s) expects its assets to be concentrated in Mortgage Loans, private commercial loans and real estate. Exposure to a single investment will generally be limited to no more than 10% of the Fund(s)'s Net Asset Value; however, the amount invested in a single investment could exceed 10% due to withdrawals from the Credit Fund(s) or losses on other investments.

Force Majeure. Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts (including wars and insurrections) and social unrest) will occur that have significant impacts on issuers, industries, governments and other systems, including the financial markets. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat. Clients will be negatively impacted if the value of their portfolio holdings decreases as a result of such events, if these events adversely impact the operations and effectiveness of the adviser or key service providers or if these events disrupt systems and processes necessary or beneficial to the management of accounts.

Cyber Security Breaches and Identity Theft. Cyber security incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. BPA, its affiliates, the Private Funds, the limited partners, and/or their service providers' information and technology systems are vulnerable to damage or interruption from computer viruses and other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals or service providers, power, communications, or other service outages and catastrophic events such as fires, tornadoes, floods, hurricanes, and earthquakes. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete, or modify private and sensitive information, including nonpublic personal information and material nonpublic information. Although BPA has implemented, and the Private Funds' and their service providers may implement, various measures to manage risks relating to these types of events, such systems could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. In addition, while it reviews them on a regular basis, BPA does not control the cyber security plans and systems put in place by third party service providers, and such third-party service providers may have limited indemnification obligations to BPA or its Funds, each of whom could be negatively impacted as a result. Breaches such as those involving covertly introduced malware, impersonation of authorized users, and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing it from being addressed appropriately. BPA or the Private Funds may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in BPA's or a Private Fund's operations and result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to limited partners (and their beneficial owners), material nonpublic information in possession of and the intellectual property and trade secrets and other sensitive information of BPA. Such a failure could harm BPA's or the Private Fund's reputation, subject any such entity and their respective affiliates to legal claims, regulatory action or enforcement arising out of applicable privacy or other laws and adverse publicity and otherwise affect their business and financial performance. In addition, BPA and the Private Funds are also subject to the risk of fraud. While systems and procedures are in place which BPA believes are designed to detect and deter fraud, which are reviewed annually by independent auditors, independent regulatory compliance consultants, and independent cybersecurity professionals, such systems and procedures may not be effective in all circumstances to prevent the risk of fraud.

Item 9 – Disciplinary Information

Neither the Adviser, General Partners, nor members of our management have ever been the subject of any legal or disciplinary event that would be material to a client's or a prospective client's evaluation of the Adviser's business or the integrity of its management.

Item 10 – Other Financial Industry Activities and Affiliations

BPA is engaged in providing investment advisory services to the Private Funds as its primary operation while also engaging in origination of loan participation interests to be transacted in coordination with eligible and suitable investors who pay a service fee to BPA. In connection to these pursuits, BPA engages a third party, Clifton Property Trust (“CPT”)—a commercial real estate investment firm operating in the Southeast U.S. to perform due diligence of potential loan investments for the BPA Credit Funds. Key personnel of CPT, including the Managing Principal and Portfolio Manager perform services for BPA that involve investment research and financial recommendations. CPT is compensated for this work via charges to the investment under consideration, or if not consummated, paid directly by the Credit Fund. Consequently, there is a potential conflict of interest that exists in this arrangement. To mitigate this risk, the individuals who jointly perform investment-related services for both organizations are subject to the BPA Code of Ethics and related requirements described in Item # 11 below.

As discussed in Item 4 above, BPA has a wholly-owned subsidiary, BPM, that conducts a similar advisory business providing financing for the film and television industry.

As discussed in Item 4 above, Bay Point Legal Partners, PLLC (the “Arizona Law Firm”) is a limited liability company formed under the laws of the State of Arizona. The Arizona Law Firm is owned directly by one of the members of the General Partner of the Legal Fund. The Legal Fund seeks to primarily achieve its investment objectives through funding agreements with the Arizona Law Firm. Each funding agreement is structured as a promissory note and have maturities that end no later than the termination of the Legal Fund

BPA does not have any other financial industry activities or affiliations.

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

In order to detect and prevent potential conflicts of interest and mitigate risks posed by such conflicts, the Adviser has adopted a written Code of Ethics (the “Code”) with written policies and procedures designed to identify, detect and prevent conflicts of interest between the Adviser, its affiliates or any affiliated employees, and its clients. The Code addresses ethical issues such as: the Adviser’s fiduciary obligation to its clients, personal trading and prevention of misuse of material nonpublic information, conflicts of interest posed by the giving and receipt of gifts or entertainment by the Adviser or affiliates, political contributions, charitable donations, outside business activities, and other important ethical scenarios which could, either consciously or unconsciously, create conflicts of interest. Procedures have been adopted to ensure compliance with the provisions of the Code, including pre-approval of certain personal securities transactions, annual affirmations of compliance, and reviews of holdings and transactions. The Code is predicated on the belief that Adviser’s clients and its investors shall be treated with honesty and good faith, and that the Adviser shall put the interests of its clients and its investors ahead of its employees and principals, particularly where the Adviser’s interests conflict with those of its clients and its investors. To that end, the Code, among other things, requires Supervised Persons to comply with all applicable federal and state laws and regulations, and further imposes certain transaction restrictions on persons who are likely to know about Adviser’s transaction activity.

Certain employees have legacy investments alongside Private Fund investments in the same issuer/borrower. In addition, certain employees have investments in investments of a type similar to those in which the Private Fund invests. BPA monitors such investments for potential conflicts of interest and to ensure that Private Fund interests are considered ahead of any employee's personal interest.

A copy of Adviser's Code of Ethics shall be provided to any investor or prospective investor upon request by contacting the Adviser's Chief Compliance Officer at (404) 963-6031.

Item 12 – Brokerage Practices

In managing the Private Funds, the Adviser seeks to acquire interests in certain assets via originators and service partners. The Private Funds will occasionally pay a market-based origination and service fee, which is ultimately borne by the respective Private Fund, and which benefits the Adviser. Where the Private Fund(s) uses a third-party originator or servicer, the General Partners attempt to negotiate the best possible price and transaction costs for the Private Fund(s).

As noted above, where a General Partner uses an originator or servicer affiliated with the Adviser, such as when the Adviser provides servicing directly, the General Partner will seek to pay fair market value for such origination and servicing.

BPA does not typically transact through broker-dealers to effectuate investment transactions. The Adviser does not engage in directed brokerage either. However, such transactions are a potential for the Credit Funds in the manner described in the Governing Documents should the Adviser determine that publicly traded securities are to be part of the investment strategy for the Credit Fund(s). The Credit Funds may also come into possession of tradable securities through defaults or bankruptcies or other workouts of loans that have become distressed. In these circumstances, BPA will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices. BPA will seek to use trade aggregation (or block trades) where possible and when advantageous to the Credit Funds. In doing so, the Adviser will take steps to ensure that allocations made to the Credit Funds are performed in a fair and equitable manner over time.

BPA does not currently have, and does not presently intend to enter into, any soft dollar arrangements.

Investment Allocations - BPA's Credit Funds participate in investments through loan participation interests ("LPs"). The allocation between Funds is determined based on the relative assets under management of each Fund as of each calendar quarter. The allocation ratio is reviewed and updated quarterly, and the basis for the quarter's allocations is documented. BPA periodically reviews LPI allocations among Credit Funds to ensure that they are being allocated in accordance with the governing allocation ratio.

Allocations on a basis other than that described above must be approved in writing by the CCO in advance of the allocation, and the rationale for the allocation must be documented. Allocations will only be made on a basis that is fair to all Clients.

Item 13 – Review of Accounts

The applicable General Partner (which is a related entity to the Adviser) will monitor the financial and operating progress of the Credit Funds' investments on a monthly basis and the Legal Fund's investments on a quarterly basis, with more formal reviews being performed on an as needed basis. Such reviews will be conducted by one or more of the Adviser's supervised persons.

As limited partners in the Private Funds, Limited Partners receive periodic reports from the Private Funds' Administrator that are consistent with the requirements of each Private Fund's applicable Governing Documents, advisory agreements and industry customs and practices, including, Capital Account Statements and Quarterly Commentary updates. The Administrator for the Private Funds distributes these reports directly to the Limited Partners.

Each of the Private Funds is audited on a yearly basis by an independent Public Company Accounting Oversight Board ("PCAOB") auditing firm. The PCAOB-audited financial statements will be delivered to each Limited Partner invested in the Private Funds within 120 calendar days of the Private Fund's fiscal year end.

Item 14 – Client Referrals and Other Compensation

BPA compensates firms or individuals (together "Solicitors") that are independent of and unaffiliated with the Adviser or General Partners for referrals that result in a prospective investor becoming a Limited Partner in a Private Fund. BPA reviews that such compensation is borne solely by the Adviser of the applicable Private Fund where the referred investor's investment is made, and not by any Limited Partner in such Private Fund. The Adviser has also engaged broker-dealers to make offers or sales of interests in their respective Private Funds. The General Partner of the applicable Private Fund in which the referred investor's investment is made compensates Solicitors and any such compensation is not borne by any Limited Partner in such Private Fund.

Aside from fees described in Item 5 for which the Adviser and its owners indirectly benefit, the Adviser does not receive any other economic benefits from non-investors in connection with the provision of investment advice to the Private Funds.

Item 15 – Custody

BPA is deemed to have custody of the Private Funds' cash and other portfolio assets because of certain rules under the Advisers Act. While cash is held by a qualified custodian, the Private Fund's assets (which are non-public investments) are custodied with the General Partner in accounts in the name of one or more Private Funds with an unaffiliated qualified custodian.

In keeping with the applicable rules under the Advisers Act, a PCAOB auditing firm conducts an annual audit of each of the Private Funds prepared in accordance with United States Generally Accepted Accounting Principles ("GAAP").

The Private Funds' Limited Partners, as referenced, are furnished audited financials of the Private Fund in which they are a Limited Partner within 120 days of the Funds' fiscal year end. To provide additional reporting information about the Private Funds, BPA has engaged an Administrator to supply monthly reports directly to the Limited Partners.

BPA, for its part, does not independently generate statements that are distributed to any Limited Partners.

On Dec. 20, 2018, the staff of the Division of Investment Management of the SEC granted conditional no-action relief to Madison Capital under Rule 206(4)-2 ("Madison Letter") for administrative agents under syndicated loans that also act (or that have affiliates that also act) as investment adviser to pooled investment vehicles, or separately managed accounts, that are lenders under such syndicated loans. BPA acts as agent for a small number of loans. Syndicate participants include Clients and non-clients. Client and non-client assets are commingled in a single bank account for the purpose of servicing the loans. BPA has custody of such assets and has taken steps to comply with the custody requirements as outlined in the Madison Letter.

Item 16 – Investment Discretion

BPA, by virtue of its affiliation with the General Partners and due to the fact that these entities are under common control, maintains full discretionary authority over the portfolio selection, transactional activities, and overall operations of the Private Funds. This discretionary authority is subject only to any restrictions or limitations, where applicable, that are memorialized in the Governing Documents of the respective Private Funds.

Item 17 – Voting Client Securities

Whereas BPA has not engaged in transactions for the Private Funds involving publicly traded securities, it does not anticipate being called upon to vote proxies given the nature of the portfolio assets in which the Private Fund invests. In the event the Adviser does own a security that requires voting of a proxy, it will vote such proxy in the relevant Private Fund's best interest, taking into account any potential conflicts of interest.

The Adviser will also act in the best interest of Clients when voting arises with respect to consent rights relating to fixed-income securities, including but not limited to, plans of reorganization, waivers and consents under applicable indentures. BPA will exercise its voting and/or consent rights in a manner reasonably expected to ensure that voting and consent rights are exercised in the best interests of Clients.

For the voting of fixed-income securities, BPA believes the potential for material conflicts of interest between Clients and BPA is limited. However, potential conflicts may arise where BPA or its related persons or entities are named parties to, or are participating in, a bankruptcy work-out or similar committee. In such instances, BPA will consider potential conflicts of interest prior to casting any decision on behalf of Clients.

In the event Bay Point votes proxies on behalf of clients, clients may obtain a record of such proxy voting activity by contacting the Adviser's Chief Compliance Officer at (404) 963-6031.

Item 18 – Financial Information

BPA does not require prepayment of management fees more than six months in advance and does not have any other events requiring disclosure under this item.