



Item 1 - Cover Page



Silverpeak Credit Partners LP  
Part 2A of Form ADV  
Brochure

40 West 57<sup>th</sup> St., 29<sup>th</sup> Floor  
New York, NY 10019

Main Telephone: 212-716-2069

September 29, 2017

THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF SILVERPEAK CREDIT PARTNERS LP("SILVERPEAK" OR THE "ADVISER"). IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT OUR DIRECTOR OF OPERATIONS AND CHIEF COMPLIANCE OFFICER (THE "CCO") GARRETT YUAN AT 212-716-2069.

NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION, NOR THE STATE OF DELAWARE, NOR ANY STATE SECURITIES AUTHORITY, HAS PASSED UPON THE ADEQUACY OR ACCURACY OF THIS BROCHURE. REGISTRATION AS AN INVESTMENT ADVISER DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING. ADDITIONAL INFORMATION ABOUT THE FIRM IS AVAILABLE ON THE SEC'S WEBSITE AT [WWW.ADVISERINFO.SEC.GOV](http://WWW.ADVISERINFO.SEC.GOV).



## Item 2 - Material Changes

Silverpeak has made changes to the last version of this Brochure dated June 30, 2017. Some changes are minor editing or clarifying changes. The material changes that were made are summarized below.

1. Item 4A - This item has been updated with a name change of the Adviser from "Silverview Capital Partners L.P." to "Silverpeak Credit Partners LP".
2. Item 4A - This item has been updated with a name change of the general partner from "Silverview Manager LLC" to "Silverpeak Credit Manager LLC".
3. Item 4B - This item has been updated with the following name changes below:
  - "Fund I" – Name change from "Silverview CLO LP" to "Silverpeak CLO LP".
  - "Fund II" – Name change from "Silverview CLO II LP" to "Silverpeak CLO II LP".
  - "Fund III" – Name change from "Silverview CLO III LP" to "Silverpeak CLO III LP".
  - "Intermediate SPV I" – Name change from "Silverview CLO Cayman Holdings LP" to "Silverpeak CLO Cayman Holdings LP".
  - "Intermediate SPV II" – Name change from "Silverview CLO II Cayman Holdings LP" to "Silverpeak CLO II Cayman Holdings LP".
  - "Intermediate SPV III" – Name change from "Silverview CLO III Cayman Holdings LP" to "Silverpeak CLO III Cayman Holdings LP".
4. Item 4E – This Item has been updated to reflect Silverpeak's regulatory assets under management as of June 30, 2017.
5. Item 10 – This Item has been updated to indicate that the launch of Stonebeck is not expected until 2018, instead of the previously indicated 2017.
6. Item 12B – This Item has been updated to indicate that trade allocations and aggregated trades are monthly (or more frequently as needed) by the relevant oversight committee (instead of quarterly, as previously indicated).
7. Cover page, Items 11A, and 17 – Firm contact has been updated to be Garrett Yuan at 212 716-2069, [garrett.yuan@silverpeak.com](mailto:garrett.yuan@silverpeak.com). The firm main telephone line has been updated to be 212 716-2069.



### **Item 3 - Table of Contents**

<b>Item 1 - Cover Page.....</b>	<b>1</b>
<b>Item 2 - Material Changes .....</b>	<b>2</b>
<b>Item 4 - Advisory Business.....</b>	<b>4</b>
<b>Item 5 - Fees and Compensation .....</b>	<b>6</b>
<b>Item 6 - Performance Fee Allocation and Side-by-Side Management ..</b>	<b>10</b>
<b>Item 7 - Types of Clients.....</b>	<b>11</b>
<b>Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>11</b>
<b>Item 9 - Disciplinary Information .....</b>	<b>20</b>
<b>Item 10 - Other Financial Industry Activities and Affiliations.....</b>	<b>20</b>
<b>Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</b>	<b>22</b>
<b>Item 12 - Brokerage Practices .....</b>	<b>25</b>
<b>Item 13 - Review of Accounts .....</b>	<b>28</b>
<b>Item 14 - Client Referrals and Other Compensation .....</b>	<b>29</b>
<b>Item 15 - Custody .....</b>	<b>29</b>
<b>Item 16 - Investment Discretion .....</b>	<b>30</b>
<b>Item 17 - Voting Client Securities .....</b>	<b>30</b>
<b>Item 18 - Financial Information.....</b>	<b>32</b>



#### **Item 4 - Advisory Business**

- A. **General Description of Advisory Firm** – Silverpeak Credit Partners LP (“Silverpeak” or the “Adviser”) is a Limited Partnership formed in August 2015 under the laws of the state of Delaware. Silverpeak is controlled by its general partner, Silverpeak Credit Manager LLC, a Delaware limited liability company. The Managing Members of Silverpeak Credit Manager LLC are indirectly Kaushik Amin, Neal Shear, Mark Walsh, and Brett Bossung (the “SP Principals”). Adam Hagfors, Managing Partner and Chief Investment Officer (“CIO”), Vaibhav Kumar, Partner and Portfolio Manager, and Brian Rigert, Partner and Portfolio Manager, are the Principals of Silverpeak. Vaibhav Kumar and Brian Rigert are herein referred to as the “Portfolio Managers”.

Silverpeak is part of the “Silverpeak Group”, which is defined as: the general partners of the Funds (as defined below), Silverpeak, the SP Principals, the Portfolio Managers and their respective members, principals, officers, directors, employees, agents, affiliates and representatives.

- B. **Description of Advisory Services** – Silverpeak provides advisory services on a discretionary basis to its Clients, which include separately managed accounts and pooled investment vehicles for sophisticated institutional investors. Silverpeak has particular expertise in investing and trading in a variety of fixed income credit products and trading strategies.

Silverpeak currently manages three private funds: Silverpeak CLO LP (“Fund I”), Silverpeak CLO II LP (“Fund II”) and Silverpeak CLO III LP (“Fund III”), which are all Cayman Islands exempted limited partnerships. Fund I, Fund II and Fund III are each referred to herein as a “Fund” and collectively as the “Funds”. Fund I, Fund II and Fund III are currently closed to new investors.

Fund I invests all of its assets in Silverpeak CLO Cayman Holdings LP (the “Intermediate SPV I”), a Cayman Islands exempted limited partnership, which in turn invests all of its assets in Silverview CLO Owner LLC (the “Trading SPV I”), a Delaware limited liability company. Fund II invests all of its assets in Silverpeak CLO II Cayman Holdings LP (the “Intermediate SPV II”), a Cayman Islands exempted limited partnership, which in turn invests all of its assets in Silverview CLO II Owner LLC (the “Trading SPV II”), a Delaware limited liability company. Fund III invests all of its assets in Silverpeak CLO III Cayman



Holdings LP (the “Intermediate SPV III”), a Cayman Islands exempted limited partnership, which in turn invests all of its assets in Silverview CLO III Owner LLC (the “Trading SPV III”), a Delaware limited liability company. Unless otherwise indicated, references herein to the investment activities of a fund mean the investment activities of the fund through Intermediate SPV I, Intermediate SPV II or Intermediate SPV III, as well as Trading SPV I, Trading SPV II or Trading SPV III, as the case may be. Other references to the Funds may, to the extent appropriate, include the Funds, Intermediate SPV I, Intermediate SPV II, Intermediate SPV III, Trading SPV I, Trading SPV II and Trading SPV III.

In addition, from time to time, Silverpeak may create other investment vehicles in which the Funds own a direct or indirect interest and which are formed to acquire investments as part of a Fund’s investment program (the “Fund Investment Vehicles”) and/or offer co-investment opportunities through limited partnerships or other entities formed to effect such co-investments (“Co-Investment Funds”). At the present time, the Funds have no Fund Investment Vehicles or Co-Investment Funds.

Silverpeak also manages two separately managed accounts which will be herein referred to as the “SMA’s”.

From time to time herein, the Funds and SMA’s may be referred to as “Clients” of Silverpeak. Investors in the Funds or SMA’s are herein referred to as “Investors”.

- C. **Availability of Tailored Services for Individual Clients** – Silverpeak does not tailor its advisory services to the individual needs of Investors in the Fund and does not accept Investor-imposed investment restrictions with respect to the Funds.

The SMA’s are subject to investment objectives, guidelines, restrictions, fee arrangements and other terms that are individually negotiated with the SMA Investor.

- D. **Wrap Fee Programs** – Silverpeak does not participate in wrap fee programs.
- E. **Clients Assets Under Management** – Silverpeak’s regulatory assets under management as of the most recent quarter-end (June 30, 2017) for Fund I, Fund II, Fund III and two SMA are approximately \$157,000,000. All assets managed by Silverpeak are managed on a discretionary basis.



## **Item 5 - Fees and Compensation**

- A. **Advisory Fees and Compensation** – Silverpeak or its affiliates generally receive management fees and performance-based (carried interest) fees from Clients. The Offering Memorandum of the Funds, and the Investment Management Agreement of the SMA's, describe the fee structures relevant to each in full. The following is a summary of the fees charged to the Fund.

For the Funds: Investors in the Funds are charged a quarterly management fee equal to 0.375% (i.e., 1.5% per annum) of invested capital (including amounts borrowed by the Funds to fund the acquisition of an investment) at the beginning of such calendar quarter less the amount of capital invested (including amounts borrowed by the Funds to fund the acquisition of an investment) with respect to a specific investment if (i) the amount has been returned to the Funds or an Fund Investment Vehicle as a result of a disposition or other realization of such investment, or (ii) there has been a complete write-off of such investment.

A “carried interest” performance-based fee from “distributable cash”, when available, is payable to the general partner of the Fund pursuant to a “waterfall” formula approximately equal to 20% of gains subject to make-whole and annual cumulative compounding preferred rate of returns provisions. The general partner of the Fund is subject to a “Clawback Payment” as further described in the Offering Memorandum of the Fund.

Note that the general partner of a Fund may, in its sole discretion, reduce or waive the management fee or carried interest fee for certain large or strategic Investors or for Investors who are members of the Silverpeak Group. Therefore, some Fund Investors may pay more or less than other Fund Investors for the same management services.

Management fees and incentive compensation arrangements imposed upon any Co-Investment Fund which may be established in the future will be as set forth in such fund's offering documents. These terms may, in the sole discretion of the general partner of a Fund, vary from the management fee and incentive compensation amounts payable by Investors in the relevant Fund.

The economic terms of each Fund Investment Vehicle which may be established in the future will be as set forth in such entity's



organizational documents. These terms may be substantially identical to the terms of the relevant Fund, however, in certain circumstances, fees payable to Silverpeak and/or amounts allocated to the general partner of a Fund may be lower.

For the SMA's: SMA investors pay fees pursuant to any individually negotiated agreement with Silverpeak.

**Payment of Fees** – For the Funds: Management fees charged are deducted from the Fund's assets. Management fees are calculated and paid quarterly in advance based on the committed (during the commitment period) and invested capital (after the commitment period) of the Fund as of the first day of the quarter. The "carried interest" performance-based fees are calculated and payable when cash proceeds derived by the Fund or the Fund Investment Vehicles are available for distribution in accordance with the distribution waterfall described in the Offering Memorandum. The Fund will pay amounts designated for distribution to Investors as promptly as practicable following receipt thereof by the Fund, generally quarterly; provided that the general partner of the Fund may make distributions at other times in its sole discretion. An Investor's quarterly account statement shows an Investor's holdings in the Fund net of all fees and expenses.

For the SMA's: SMA investors pay fees pursuant to any individually negotiated agreement with Silverpeak.

- B. **Other Fees and Expenses** – Investors typically bear fees and expenses in addition to those described above and in Item 6.

For the Funds: The following is a list of Fund fees and expenses that are borne by the Fund (and indirectly the Investors in the Fund): legal, accounting (including third-party accounting services), audit, tax preparation and tax compliance (e.g., FBAR, FATCA, ERISA), tax structuring and other professional fees and expenses, PFIC tax reporting expenses, administrator fees and expenses, organizational expenses<sup>1</sup>, research expenses (including research-related travel), Bloomberg related fees and expenses, broken-deal expenses<sup>2</sup>, fees and expenses related to Intex structured products analytics, Xtract Research related fees and expenses, Finomial related fees and

---

<sup>1</sup> Organizational expenses may include tax structuring fees related to the set-up of Fund Investment Vehicles.

<sup>2</sup> Broken-deal expenses are allocated only to Clients which were considered by Silverpeak to be potential participants in a proposed investment which was not consummated.



expenses, expenses of third-party valuation agents (if any), portfolio and risk systems expenses, investment expenses such as interest on margin accounts and other indebtedness, brokerage fees and commissions, custodial fees, bank service fees, insurance (including D&O and E&O insurance), Fund compliance expenses (including expenses related to various filings (or portions thereof) the Fund is required to make or Silverpeak is required to make as a result of managing the Fund's portfolio, including Form PF, CFTC filings (if any) and Annex IV under the AIFMD, and fees and expenses related to registration, filing and/or reporting requirements in any jurisdiction in which the limited partnership interests are offered or sold), the fees and expenses of the Fund's Limited Partner Advisory Board (if any), extraordinary expenses (such as the cost of litigation or indemnification expenses, if any), its pro rata share of the administrative and other expenses of the Intermediate SPV and the Trading SPV and other expenses (including all other customary expenses) related to the purchase, sale, preservation, workout, transmittal or other disposition of Fund assets.

Additionally, the Fund may bear a portion of the expenses of certain employees and/or consultants of members of the Silverpeak Group (which may include employees and/or consultants of Silverpeak), who provide accounting, back-office, legal and/or tax services to the Fund, such as salaries, payroll taxes, employee benefits and insurance (such expenses, collectively, "Employee Expenses"). Silverpeak will allocate a pro rata share of the Employee Expenses to the Fund based on its good faith determination of the amount of time such employees provide their services to the Fund, versus the time they provide their services to Silverpeak, any other member of the Silverpeak Group, or other private funds managed by any member of the Silverpeak Group.

Except as provided above, Silverpeak will be responsible for and will pay all overhead expenses of an ordinary and recurring nature such as rent, its compliance expenses, supplies, secretarial expenses, stationery, charges for furniture and fixtures, employee insurance, payroll taxes and compensation of employees.

For the SMA's: The SMA's will bear the fees and expenses specified in its individually negotiated agreements.

For all Clients: As noted above, Clients will incur brokerage and other transaction costs. Please see Item 12 regarding Silverpeak's brokerage practices. In addition, note that the costs of any trading



error will be borne by the Client, unless an error is the result of bad faith, gross negligence, or willful misconduct by Silverpeak.

If a fee or expense is applicable to an SMA, the Funds and/or one or more Fund Investment Vehicles or Co-Investment Funds, to the extent feasible, fees and expenses generally will be allocated based on committed capital, assets under management or any other similar methodology determined by Silverpeak to be appropriate under the circumstances. Silverpeak will make such allocation decisions in its fair and reasonable discretion, notwithstanding its interest in the outcome, and may make corrective allocations should it determine that such corrections are necessary or advisable. Silverpeak may however deviate from a pro rata allocation where the nature of the expense or other relevant factors would make it fair, reasonable and equitable to do so. When considering whether to allocate in a different manner with respect to a particular expense, Silverpeak may consider the following factors, among others: relative use of the product or service, the nature or source of the product or service, and the relative benefits derived by the Client(s) or any other relevant factors. Where Silverpeak determines that an allocation methodology other than the above-referenced approach is appropriate, Silverpeak may charge all or part of the expense to particular Client(s). In such instances, Silverpeak will document the allocation decision and rationale. Note that when co-investors make investments in parallel with one or more Clients, any and all expenses will be allocated between the participating Client(s) and the co-investors pro rata based on the amount of their respective co-investment.

Silverpeak has established various oversight committees to review the allocation of fees and expenses amongst its Clients, including any Fund Investment Vehicles and/or Co-Investment Fund that it may establish in the future.

- C. **Prepayment of Fees - For the Funds:** As noted in Item 5(B) above, the Fund's management fee is paid quarterly in advance and the performance-based fee is payable upon reaching the required waterfall hurdles described above. The management fee will be prorated for any period that is less than a full calendar quarter. Once charged to an Investor's account, there is no refund of any of the fees and expenses that have been charged. However, note that performance-based fees paid to a general partner of a Fund are subject to clawback upon the Fund's liquidation under certain



circumstances as further described in the Offering Memorandum of the Fund.

For the SMA's: SMA investors pay fees pursuant to any individually negotiated agreement with Silverpeak.

- D. **Additional Compensation and Conflicts of Interest** – No supervised person of Silverpeak accepts compensation for the sale of securities or other investment products.

**Item 6 - Performance Fee Allocation and Side-by-Side Management**

The existence of a “carried interest” performance-based compensation structure may create an incentive for Silverpeak to make more speculative investments on behalf of Clients than it would otherwise make in the absence of such performance-based compensation. However, this risk is mitigated to some extent because: (i) “carried interest” is based on the success of the Fund or SMA as a whole, and not on any single investment in the portfolio, and (ii) members of the Silverpeak Group have made significant personal capital commitments to the Funds. These reduce the incentive to take excessive risk by aligning Silverpeak’s and its personnel’s financial interests with those of Investors.

When an Adviser and its investment personnel manage more than one Client account, a potential exists for one Client account to be favored over another Client account. In addition, Silverpeak and its investment personnel have a greater incentive to favor Client accounts that pay Silverpeak (and indirectly its investment personnel) higher performance-based fees. As part of its fiduciary duty, Silverpeak has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts and the allocation of investment opportunities. The relevant oversight committee is tasked with identifying and addressing potential Silverpeak’s conflicts of interest. In addition, the Funds may establish a Limited Partner Advisory Board (the “LPAB”), which would be comprised of representatives of selected Investors, and would provide non-binding advice and counsel as requested by the general partner of a Fund in connection with potential conflicts of interest related to that Fund. Silverpeak will act as a fiduciary with regard to all Client accounts and therefore will not allocate investment opportunities based on anticipated compensation or profits to itself, its affiliates, partners or employees. See Item 12(B) regarding Silverpeak’s allocation and aggregation policy.



## **Item 7 - Types of Clients**

Silverpeak provides investment advisory services only to three private funds and two separately managed accounts.

For the Funds: The Funds had specified minimum initial investment amounts of \$2 million. Fund I, Fund II and Fund III are currently closed to new investors.

Note that Silverpeak may negotiate separate agreements, commonly referred to as "side letters" with individual Fund Investors. The side letter provisions, which are not found in the Fund's governing documents, may entitle these Investors to different terms and conditions related to minimum investment, fees, reporting, liquidity, and/or notifications, among other terms. Silverpeak reserves the right, but does not have the obligation, to negotiate a side letter with Investors.

For the SMA's: The SMA's have an individually negotiated minimum investment requirement and minimum account size requirement.

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

- A. **Methods of Analysis and Investment Strategies** – Please consult the Offering Memoranda of the Funds for a complete description of the methods of analysis and investment strategy utilized by Silverpeak. Set forth below are summaries of the methods and strategies utilized by the Funds. The SMA's may employ similar strategies pursuant to the terms of their individual offering documents and investment management agreement.

For the Funds: Silverpeak employs a fundamental, opportunistic credit investment strategy and seeks to maximize risk-adjusted returns in new issue and secondary issue first loss equity tranches of collateralized loan obligations ("CLOs"). Silverpeak's investment strategy relies primarily on four central components: (i) Silverpeak's ability to identify Investments that it believes have good fundamental value; (ii) sourcing specific Investments that meet Silverpeak's value criteria; (iii) risk management and monitoring of the Client's portfolio; and (iv) Silverpeak's ability to construct a portfolio of CLO equity with a return profile over time that demonstrates increased total return.

Silverpeak will construct a portfolio of CLO equity by taking into account, with respect to the portfolio providing the source of payment for each CLO, a number of factors including:



- Number and investment style of the Portfolio Managers managing each such portfolio;
- Industry exposure of borrowers on loans underlying each such portfolio; and
- Quality of distinct underlying borrowers in each such portfolio.

Silverpeak seeks to create a portfolio of CLO equity and to employ a buy-and-hold strategy. The portfolio management team of Silverpeak continually considers various default, prepayment, recovery and reinvestment scenarios.

**B., C. Material Risks of the Adviser's Investment Strategies, Methods of Analysis and Types of Securities** – A summary of the material risks inherent to the strategies employed by Silverpeak on behalf of its Clients is set forth below. Please see the Offering Memorandum of the Fund and the offering documents for the SMA's for a complete description of all risks.

For the Funds:

- **Investment Risks**

**General.** There can be no assurance that the Funds or the SMA's will return a profit or that cash will be available for distributions. An investment in either the Funds or the SMA's involves risk and an Investor may lose some or all of its investment. There also can be no assurance that investment objectives will be achieved. As with any investment, the value of an investment may decrease as well as increase, due to a variety of factors, including general economic conditions and market factors. Additionally, investment decisions made by Silverpeak may not always be profitable. Clients, at any given time, may incur significant losses. Losses can occur for a number of reasons, including but not limited to an overall decline in the underlying market, a lack of liquidity in the underlying markets, excessive volatility in a particular market, government intervention or monetary and/or fiscal policies of a specific region or country.

An investment in either the Funds or the SMA's is speculative. Investors should not invest in either the Funds or an SMA unless they are fully able to bear the financial risks of their investment and are fully able to sustain the possible loss of their entire investment.



**Nature of Investment.** Investment in either the Funds or the SMA's requires a long-term commitment with no certainty of return. Silverpeak will invest in first loss equity tranches of CLOs that are collateralized by a diverse portfolio consisting primarily of below investment grade U.S. senior secured loans. The Clients' returns will depend on many factors, including primarily the performance of the CLOs in which the Clients will invest, the performance of the CLO and loan markets generally, the availability and liquidity of investment opportunities falling within the Clients' investment objectives and policies, the level and volatility of interest rates, conditions in the financial markets, and Silverpeak's ability to successfully operate its business and execute Silverpeak's investment strategy. There can be no assurance that the Clients' investment strategy will be successful.

- **Market Risks.** Financial market disruptions may have a negative effect on the valuations of the investments and on the potential for liquidity events involving the investments. In the future, non-performing assets in Clients' portfolios may cause the value of their investment portfolios to decrease. Conversely, in the event of sustained market improvement, the Clients may have access to only a limited number of potential investment opportunities, which also would result in limited returns. Depending on market conditions, Clients may incur substantial realized losses and may suffer additional unrealized losses in future periods, which may adversely affect its business, financial condition and/or the value of the investments.

Furthermore, the value of each CLO in which the Clients may invest can be affected by a number of factors, including: (a) changes in the market's perception of the related CLO collateral; (b) economic and political factors such as interest rates, levels of unemployment and taxation, which can have an impact on defaults and losses incurred with respect to the related CLO collateral; (c) changes in the market's perception of the adequacy of credit support built into the relevant CLO's structure to protect against losses caused by defaults by obligors of the underlying loans in the related CLO collateral; (d) changes in the perceived creditworthiness of the obligors of the underlying loans, the related CLO issuer, or any other party to the related CLO transaction; and/or (e) the speed at which the underlying loans within the related CLO collateral are repaid or prepaid (whether voluntarily or due to default).



The occurrence of any such events may have a material adverse effect on the value of the Investments.

The ability of CLO issuers to make payments with respect to their equity tranche may depend on the recovery or condition of the economy, the credit markets and other financial markets and there is no assurance that this condition will not deteriorate or improve. In addition, the market value and future performance of any underlying asset acquired by CLO issuers may be negatively affected by current and future economic conditions. The business, financial condition or results of operations of the respective obligors of the underlying assets may be adversely affected by deteriorating economic and business conditions. Delinquencies, non-accruals and credit losses generally increase during economic slowdowns or recessions. To the extent that economic and business conditions deteriorate, the number of non-performing assets is likely to increase and the value of the underlying assets is likely to decrease.

**First Loss Positions.** CLOs typically will have no significant assets other than CLO collateral. Accordingly, distributions from the Investments are and will be payable solely from the cashflows from the CLO collateral. Payments to the Clients are and will be met only after payments due on the notes forming the senior and mezzanine tranches of a CLO from time to time have been made in full. Payment of interest and principal on the equity, senior and mezzanine tranches will be the sole responsibility of the CLO issuer and will not be guaranteed or insured by any party, including the manager(s) of the CLO issuer or any affiliates of such manager(s).

Subordination of various classes of a CLO's equity tranche will affect their right to and ultimate payment of interest and principal. Certain coverage tests and other requirements of the CLO indenture may require an early and mandatory redemption of the more senior classes of CLO securities, which will reduce or even eliminate amounts available to make payments on more junior classes of CLO securities, resulting in a deferral of interest or loss of principal. Following an event of default and acceleration of the senior notes, all principal and interest will be paid sequentially, until all more senior CLO securities are redeemed in full. It is possible for certain CLO securities to be in default, not receiving principal or interest



payments and unable to effect any liquidation or dissolution of the issuer of the CLO. As Clients will invest only in the first loss equity tranche of CLOs, Clients will absorb any initial losses with respect to a CLO's underlying assets.

- **Limited Liquidity.** All of the investments are intended to be long-term investments, not trading investments. The liquidity in the market for the investments changes and may be limited or withdrawn. There is no guarantee that any party to a CLO transaction will make a secondary market in relation to the CLO securities. There can be no assurance that a secondary market for any particular CLO securities will develop or, if a secondary market does develop, that it will provide the holders of CLO securities with liquidity of investment or that it will continue for the life of such notes. As a result, Clients may have to hold particular investments for an indefinite period of time or until their early redemption date or maturity date. Where a market does exist, to the extent that an investor wants to sell its securities, the price may, or may not, be at a discount from the outstanding principal amount.
- **Leverage and Volatility.** The notes evidencing the equity tranche of a CLO, in effect, are highly leveraged investments in the underlying collateral of the CLO. Therefore, changes in the market value of the notes could be greater than the change in the market value of the underlying CLO collateral, which themselves are subject to credit, liquidity and interest rate risk. Where a CLO replaces its CLO collateral, or where the composition of a CLO portfolio changes for any other reason, in a way that results in a net loss, the effect upon the market value of the notes will be amplified as a result of such leverage.

Notes evidencing the equity tranche of a CLO are the most subordinated tranche of securities issued by a CLO and all payments of principal and interest on the notes are fully subordinated to those of the CLO's debt securities and to the payment of the costs, fees and expenses for which the CLO issuer is responsible. For such notes, interest and principal payments are not fixed, but are a function of the magnitude of the residual amounts or "excess cash" available to make such payments. As a result, payments on the notes will be made by the relevant CLO issuer to the extent of available funds, and no payments thereon will be made until, amongst other things, (a) payments of such costs, fees and expenses



have been made, and (b) interest and principal then due has been paid on the CLO's senior and mezzanine secured notes. For a typical CLO, the non-payment of interest or principal on the notes themselves will not cause an event of default in relation to any CLO issuer.

As such notes represent the most junior securities in the leveraged capital structure, and the most subordinated liabilities, of a CLO, changes in the market value of the notes will be greater than changes in the market value of the underlying assets of the relevant CLO issuer, which themselves are subject to credit, liquidity, interest rate and other risks, and will generally magnify the notes investors' opportunities for gain and risk of loss. In certain scenarios, the notes may be subject to a partial or entire loss of invested capital. In particular, any deterioration in performance of the asset portfolio of a CLO issuer, including defaults and losses, a reduction of realized yield or other factors, will be borne first by holders of the notes prior to the rest of the capital structure.

- **Highly Competitive Market for Investment Opportunities; Lack of Diversification; Concentration.** The activity of identifying and sourcing investments is highly competitive and involves a high degree of uncertainty. Silverpeak will be competing for investments with many other investment funds, as well as individuals, financial institutions, and other institutional investors. Competition for investments may have the effect of increasing the costs, thereby reducing investment returns to the Clients. Additional funds with similar investment objectives also may be formed in the future by other unrelated parties. There can be no assurance that Silverpeak will be able to identify and complete sufficiently attractive Investments to meet its investment objective. In addition, the Clients' portfolios will consist solely of CLO equity securities, for which there is a limited market. Non-diversification among types of investments involves an increased risk of loss to the Clients. Further, the Clients may hold a few relatively large (in relation to its capital) positions, with the result that a loss in any such position could have a material adverse impact on the Clients' portfolios.
- **Illiquidity in the CLO, Leveraged Finance and Fixed Income Markets.** Events in the CLO, leveraged finance and fixed income markets contributed to a severe liquidity crisis in global



credit markets in recent years, as a result of which leveraged loans have experienced substantial price fluctuations and reduced liquidity. During periods of higher price volatility and reduced liquidity, a CLO issuer's ability to acquire or dispose of assets at a price and time that is advantageous to holders of interests in the Clients may be severely impaired. As a result, in periods of rising market prices, a CLO issuer may be unable to participate in price increases fully to the extent that it is unable to acquire desired positions quickly; and a CLO issuer's inability to dispose fully and promptly of positions in declining markets may exacerbate losses suffered by the investors in the CLO equity when assets are sold. Furthermore, significant additional risks for investors in the equity tranche of a CLO exist. Those risks include, among others, (i) the possibility that the prices at which the assets can be sold by a CLO issuer will have deteriorated from their effective purchase price, (ii) the possibility that opportunities for a CLO issuer to sell its assets in the secondary market may be impaired or restricted by the related indenture, and (iii) increased illiquidity of the equity tranche of a CLO because of reduced secondary trading in collateralized loan obligation securities. These additional risks may affect the returns on the interests in the Funds and the SMA's.

- **Credit Ratings are not a Guarantee of Quality.** The following considerations apply, to the extent relevant, to the ratings of the CLO's underlying assets: Credit ratings of assets represent the opinions of Moody's Investors Service, Inc., Fitch Ratings, Inc., Standard & Poor's Rating Services or another nationally recognized statistical rating organization (each, a "Rating Agency") regarding their credit quality and are not a guarantee of quality or performance. A credit rating is not a recommendation to buy, sell or hold assets and may be subject to revision or withdrawal at any time by the assigning Rating Agency, including to the extent a CLO issuer does not comply with its covenants to enable the Rating Agencies to comply with their obligations under Rule 17g-5 of the U.S. Securities Exchange Act of 1934 (the "Exchange Act"). In the event that a rating assigned to any CLO's assets is lowered for any reason, no party is obligated to provide any additional support or credit enhancement with respect to such assets. Rating Agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value; therefore, ratings may not



fully reflect the true risks of an investment. Also, Rating Agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an underlying obligor's current financial condition may be better or worse than a rating indicates. Consequently, credit ratings of any CLO's assets should be used only as a preliminary indicator of investment quality and should not be considered a completely reliable indicator of investment quality. Rating reductions or withdrawals may occur for any number of reasons and may affect numerous assets at a single time or within a short period of time, with material adverse effects upon the equity tranche of a CLO. It is possible that many credit ratings of assets included in or similar to the CLO's assets will be subject to significant or severe adjustments downward.

- **Future Actions of any Rating Agency.** The Rating Agencies may change their published ratings criteria or methodologies at any time in the future. Furthermore, the Rating Agencies may retroactively apply any such new standards to its prior ratings. There can be no assurance that the Rating Agencies will continue to assign ratings utilizing the same methods and standards utilized today despite the fact that the underlying asset might still be performing fully to the specifications set forth in its underlying instrument. Any change in such methods and standards could result in a significant rise in the number of lower rated assets included in the CLO's assets, which could cause a CLO issuer to fail to satisfy its coverage tests on subsequent determination dates.

A Rating Agency may revise or withdraw its ratings as a result of a failure by the responsible party to provide it with information requested by such Rating Agency or comply with any of its obligations contained in the engagement letter with such Rating Agency, including the posting of information provided to the Rating Agency on a website that is accessible by rating agencies that were not hired in connection with the issuance of CLO notes. Any such revision or withdrawal of a rating as a result of such a failure could result in a CLO issuer's failure to comply with coverage tests (such as the OC test or the IC test) resulting in cash flow being diverted away from the equity tranche of such CLO and may adversely affect the value of the equity tranche of a CLO held by the Funds.

- **Dependence on Key Personnel.** The ability of Silverpeak to manage Clients' affairs currently depends to a large extent



on Messrs. Hagfors, Kumar and Rigert. There can be no assurance that Messrs. Hagfors, Kumar and Rigert will remain affiliated with Silverpeak or will otherwise be able to continue to carry on their current duties.

- **Other Obligations of the Key Persons of Silverpeak.** The working time of the Portfolio Managers will be subject to potential future commitments to other business activities, investments and investment funds. It is possible that Silverpeak will form other investment funds or vehicles in the future which may have the same or similar investment objectives as the current Clients.
- **Custody Risk.** There are risks involved in dealing with the custodians who settle Client trades. Under certain circumstances, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Client and hence the Client could be exposed to a credit risk with regard to such parties. In addition, there may be practical or time problems associated with enforcing the Client's rights to its assets in the case of an insolvency of any such party.

The Funds maintain custody accounts with their custodian, U.S. Bank, N.A. Although Silverpeak will monitor the custodian and believes that U.S. Bank, N.A. is an appropriate custodian for the Fund, there is no guarantee that it, or any other custodian that the Fund (or any other Client) may use from time to time, will not become insolvent. While both the Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a failure, insolvency or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Client assets, the Client would not incur losses due to its assets being unavailable for a period of time, ultimately less than full recovery of its assets, or both. Note that Silverpeak is not deemed to have "custody" of the SMA's account assets.

A Client and/or its custodian may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets. The custodian may not be responsible for cash or assets which are held by



sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Client as a result of the bankruptcy or insolvency of any such sub-custodian. The Client may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections which would normally be provided to a Client by a custodian will not be available. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy in certain non-U.S. jurisdictions, the ability of a Client to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy would be in doubt.

#### **Item 9 - Disciplinary Information**

Neither Silverpeak nor any of its management personnel are subject to or have in the past years been subject to any material criminal or civil action in any domestic, foreign or military court, and neither Silverpeak nor any of its management personnel have been subject to (i) any administrative proceedings before the SEC or any other state, federal or foreign financial regulatory authority or (ii) any self-regulatory organization proceeding.

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

- A. The Firm has no existing or pending affiliations with a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Silverpeak nor any of its management persons are registered, or have an application pending to register, as a future commission merchant, commodity pool operator, a commodity trading adviser, or as an associated person of any of the foregoing.
- C. Silverpeak and/or its management persons have the following relationships or arrangement that are material to its advisory business or to its Clients with the following "related persons":
  - 1. Broker-dealer, municipal securities dealer, or government securities dealer or broker: None
  - 2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund): See response to item 10(D).



3. Other investment adviser or financial planner: See response to Item 10(D).
4. Futures commission merchant, commodity pool operator, or commodity trading adviser: None.
5. Banking or thrift institution: None.
6. Accountant or accounting firm: None.
7. Lawyer or law firm: None.
8. Insurance company or agency: None.
9. Pension consultant: None.
10. Real estate broker or dealer: None.
11. Sponsor or syndicator of limited partnerships: The general partners of the Funds are each affiliated entities which act as sponsors of their respective Funds. Silverpeak does not believe that its relationship with the general partner creates a material conflict of interest. Also, see response to Item 10(D).

D. Silverpeak does not recommend or select other investment advisers for its Clients or Investors. However, note that certain persons associated with the Silverpeak Group have non-controlling, minority interests in other investment advisory businesses including StoneBeck Capital, LLC ("StoneBeck") which plans to provide advisory services to investment vehicles holding high yield debt and preferred equity instruments. Upon launch, which is expected in 2018, Stonebeck plans to register as an investment adviser with the SEC. Stonebeck shares office space with members of the Silverpeak Group, but will operate independently.

Certain persons associated with the Silverpeak Group are also associated with Silverpeak Strategic Partners LP, a commodities and energy business, Silverpeak Argentic (f/k/a Silverpeak Real Estate Finance), a commercial real estate lending business, and Silverpeak Real Estate Partners LP and SP SMC Capital LLC, an SEC registered investment advisor and relying advisor, respectively, which provide advisory services to investment vehicles that invest in real estate.

Certain Silverpeak Group management persons and other persons associated with the Silverpeak Group make proprietary real estate investments with, or provide real estate-related advice to, third parties. These investments, and any advice related thereto, are in real estate, not securities, and are structured as joint ventures.

All conflicts of interest within the Silverpeak Group, its management persons and associates are monitored by various oversight committees. The Funds have an oversight committee which is



responsible for material decisions regarding Silverpeak's general business activities. It is the responsibility of each oversight committee member to advise the committee of any perceived conflicts of interest that are known to them, which will then proceed to address and/or disclose the conflict as determined in its sole judgment.

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

- A. **Code of Ethics** – Silverpeak's compliance manual includes a code of ethics ("Code") that applies to each Employee (defined as, generally, any partner, officer or director of Silverpeak and any employee or other supervised person of Silverpeak, including its subsidiaries and affiliates). The Code requires compliance with all applicable laws and regulations, including federal securities laws; acting in the best interests of the Firm's Clients at all times; avoiding actual and potential conflicts of interests; complying with certain restrictions on personal trading and prompt reporting of violations of the Code. The Code requires employees to safeguard confidential information entrusted to Silverpeak by its Clients, Investors or related parties, information regarding Silverpeak's businesses and activities, and/or information about other employees. The Code also prohibits insider trading and tipping and addresses anti-money laundering and certain potential conflicts of interest. In the event of a conflict of interest that is not otherwise addressed by the applicable governing documents, Silverpeak will be guided by its fiduciary responsibilities, compliance policies and procedures and good faith judgment as to the best interests of the Clients.

Silverpeak's Code also requires employees to, among other things: 1) pre-clear certain personal securities transactions; 2) report personal securities transactions on at least a quarterly basis; and 3) provide Silverpeak with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such Employee has a direct or indirect beneficial interest.

Silverpeak has adopted a privacy policy that explains the manner in which the Firm collects, utilizes and maintains nonpublic personal information about Clients, as required under federal legislation. Silverpeak may make changes to its privacy policy in the future. Silverpeak will not make any change affecting an individual without first sending that individual a revised privacy policy describing the change.



A copy of Silverpeak's Code of Ethics is available upon request by contacting Silverpeak's CCO, Garrett Yuan at 212-716-2069 or [garrett.yuan@silverpeak.com](mailto:garrett.yuan@silverpeak.com).

- B. Transactions in Securities where Adviser has a Material Financial Interest** – Neither Silverpeak nor any of its related persons recommend to Clients, or buy or sell for Clients, securities in which Silverpeak has a material financial interest. Please note however that principals of Silverpeak as well as other key employees of Silverpeak may maintain substantial investments in the Funds, so in this regard, Silverpeak may be in fact be recommending to Investors a security in which it does have a material financial interest.

In addition, although it does not currently do so, purchase and sale, repurchase, financing and derivative transactions may be effected between Clients or other clients of the Silverpeak Group ("cross trades") when Silverpeak utilizes an unaffiliated broker-dealer or custodian to cross trade when such a transaction is advantageous for each Client and Silverpeak has a good faith belief that such a cross trade is fair to each Client. Silverpeak's Compliance Manual sets forth the procedures for cross trading through unaffiliated broker-dealers or custodians. In addition, Silverpeak's Compliance Manual prohibits Silverpeak and any employee or other affiliate from trading with any Client on a principal basis unless the transaction is done in accordance with Section 206(3) of the Investment Advisers Act of 1940 (the "Advisers Act"), which would include obtaining consent of the Clients involved. Silverpeak may request that the Fund's LPAB, if any, review information with respect to the transaction and make a non-binding recommendation to approve or deny the transaction on behalf of the Fund.

Silverpeak's relevant oversight committee reviews cross-trades and principal transactions, if any.

- C,D Investing in Securities Recommended to Clients; Contemporaneous Trading** - Silverpeak has no proprietary trading accounts and therefore would not invest in the same (or related) securities that a Fund or SMA are invested in.

The Code of Ethics and the Compliance Manual provide that each employee has the responsibility to be sure that they are not benefitting in any personal investments at the expense of Clients, that the employee is not in any way taking advantage of or "trading on" knowledge of the impact of Client transactions upon the market



price of the employee's own securities, and that the employee is not damaging the employee's own or Silverpeak's reputation by trading on Silverpeak's recommendations to its Clients.

Therefore, the Code of Ethics contains specific policies and procedures regarding restrictions on personal trading for subject employees as described above in Item 11(A).

While it is theoretically possible that an employee of Silverpeak may hold the same security that a Client holds, or transact in the same security that a Client is transacting in, Silverpeak believes that the potential conflict of interest that is present in such situations is minimal due to the nature of the Funds' primary holdings. Nevertheless, Silverpeak has implemented pre-clearance requirements as described in Item 11(A) and monitoring of employees' personal security accounts transaction and holdings reports on a regular basis in order to identify and address any potential or actual conflicts of interest that might arise, including without limitation, front-running, market manipulation or insider trading.

From time-to-time it may be beneficial to one or more of Silverpeak's Clients to share an investment opportunity with Silverpeak's employees, other affiliates and/or other Investors. For example, an investment opportunity may require a capital commitment that is larger than optimal for Silverpeak's Clients. In other cases, Silverpeak's Clients may decide not to invest in an issuer, but might allow employees, other affiliates and/or other Investors to pursue the investment instead. The inclusion of employees, other affiliates and/or unaffiliated Investors in a private offering can create actual or apparent conflicts of interest associated with the allocation of investment capacity and diligence costs. The CCO and the relevant oversight committee reviews all instances in which part of a Client's investment opportunity is to be offered to Silverpeak's employees, affiliates and/or third parties. In conducting such a review, the CCO and the relevant oversight committee will consider actual and apparent conflicts of interest, and will ensure that Silverpeak has documented that it is acting in good faith in accordance with all applicable representations to Clients and Investors.

Silverpeak may also determine that the size of the available investment opportunity of an investment being made by a Fund meaningfully exceeds the amount that is appropriate for such Fund (taking into consideration the relevant provisions of the Fund's governing documents). Silverpeak may form one or more co-



investment vehicles specifically to take up such excess opportunity. In such cases, Silverpeak may offer one or more persons (including, but not limited to, Investors in the relevant Fund or consultants) the opportunity to participate in such co-investment vehicles.

Silverpeak will determine the person(s) to whom it offers any such opportunity, and the relative amounts offered to each such person, taking into account such factors as Silverpeak determines appropriate based on the relevant facts and circumstances, which may include one or more of the following: (i) the ability of an Investor to commit to invest in a short period of time, in light of the timing constraints applicable to such investment; (ii) the ability of an Investor to commit to a significant portion of such opportunity; (iii) whether an Investor provides strategic value in respect of such investment, such as by having relevant experience in the sector or existing relationships with management or other relevant parties; (iv) the size of an Investor's commitment to the Fund; (v) whether and to what extent an investor has accepted prior co-investment opportunities offered to it; or (vi) such other factors as Silverpeak deems relevant, which may include subjective determinations such as working relationships and strategic benefits to Silverpeak or to Silverpeak's Funds. In all cases, allocation of co-investment opportunities will be subject to the provisions of the governing documents of the relevant Fund and is subject to the review of the relevant oversight committee.

## **Item 12 - Brokerage Practices**

- A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions** – Silverpeak will have full investment discretion with respect to the initiation of all portfolio securities transactions for Clients as well as full authority to select broker-dealers to execute such transactions. In selecting broker-dealers, Silverpeak need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not Silverpeak's practice to negotiate "execution only" commission rates, thus Clients may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission (or spread) rate. In pursuing the "most favorable transaction" (i.e. best execution) for an investment, Silverpeak will take into account many factors, such as the financial stability and reputation of broker-dealer firms, the research, brokerage or other services provided by such broker-dealers, the price of the security, execution speed, confidentiality, market depth, capital commitments, recent order flow, size and liquidity of the traded position, knowledge of the other side of the trade, and trade settlement history.



Depending upon the portfolio transaction to be executed for the Clients, Silverpeak may not have a range of broker-dealers to select from. Specifically, when investing in securities that are traded in the over-the-counter market, Silverpeak will engage primarily in transactions with dealers who make markets in such securities. In such cases, the dealer offering the security to Silverpeak may be the only execution available for such investment.

Silverpeak's relevant oversight committee will review the selection of broker-dealers for Client account transactions and will review trading for "best execution".

1. **Research and Other Soft Dollar Benefits.** Silverpeak, as a matter of policy, does not enter into soft dollar arrangements in respect of transactions for the Clients. If Silverpeak determines to do so, it will endeavor to do so within the "safe harbor" provided by Section 28(e) of the Exchange Act. While Silverpeak receives proprietary research from certain brokerage firms, it does not take the value of such research into account in selecting brokers. In addition, Silverpeak maintains a gift policy which requires the reporting and/or pre-approval of certain gifts, travel and entertainment received by employees in order for such gifts, travel and entertainment to be reviewed by compliance personnel for any appearance of, or actual, conflicts of interest.
  - a. In the event Silverpeak were to utilize "soft dollars" as described above, it would receive a benefit because it would not have to produce or pay for the research or brokerage products or services.
  - b. In the event Silverpeak were to utilize "soft dollars" as described above, it may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or brokerage products or services, rather than on the Clients' interest in receiving most favorable execution.
  - c. In the event Silverpeak were to utilize "soft dollars" as described above, this practice may cause Clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for "soft dollar" benefits (known as "paying-up").
  - d. In the event Silverpeak were to utilize "soft dollars" as described above, the "soft dollars" generated by one



Client's account may be used by Silverpeak to service that account as well as others and that "soft dollar" benefits possibly may be applied disproportionately to the soft dollar credits that an account generates.

- e. During the past fiscal year, neither Silverpeak nor any of its related persons acquired any products and services with Client brokerage commissions (or markups or markdowns). However, note that research reports (on markets generally), introduction of Investors, either through a capital introduction event or otherwise, attendance at certain seminars and conferences and discussions with research analysts may be acquired from various broker-dealers that Silverpeak utilizes. These products and services are not provided with "soft dollar" credits generated by specific trades, but rather would be provided by the broker-dealer because of Silverpeak's ongoing relationship with the broker-dealer.
  - f. During the past fiscal year, neither Silverpeak nor any of its related persons directed any Client transactions to a particular broker-dealer in return for "soft dollar" benefits.
2. **Brokerage for Client Referrals** – Silverpeak may receive Investor referrals from registered representatives of broker-dealers that trade on behalf of Silverpeak's Clients. Silverpeak is aware that such referrals may pose a conflict of interest; Silverpeak could have an incentive to direct brokerage to broker-dealers that fail to achieve best execution in order to continue receiving referrals. The relevant oversight committee will review referral relationships and the associated conflicts of interest during its "best execution" review.
3. **Directed Brokerage** – Silverpeak does not permit a Client or Investor to direct Silverpeak to execute transactions through a specified broker-dealer.
- B. **Aggregation of Orders** – As investment adviser to Client accounts, Silverpeak makes an independent decision for each account as to whether any particular trade is suitable for a particular Client. If it is determined by Silverpeak, in its sole discretion, that a particular trade is suitable for more than one Client account, Silverpeak maintains trade allocation and aggregation policies and procedures designed to ensure fair allocation of securities amongst the participating Client accounts. Under these procedures, trades executed on behalf of more than one Client are typically aggregated and all participating



Clients receive the same average price. When more than one Client account is participating in a trade, it is Silverpeak's basic trade allocation policy that trades are allocated amongst participating Client accounts on a pro rata basis. Generally, the pro-rata allocation on "opening" transactions is based on the relative assets under management of the participating Client accounts. However, on a "closing" transaction, the allocation is determined by the size of a Client's position relative to the size of all participating Client positions.

Notwithstanding the foregoing, there may be times when an aggregated order may be allocated on a basis other than pro-rata but must be documented by the Portfolio Manager and reviewed and approved by the CCO. The bases for non-pro-rata allocation are:

- Differing investment objectives of the Client accounts
- Differing risk or investment concentration parameters of the Client accounts
- Relevant cash availability and liquidity requirements of each Client account
- Minimum trade/allocation lot size availability
- Regulatory restrictions
- Rounding (round lot requirements)
- Tax considerations of the Client accounts
- Such other factors as may be relevant to a particular transaction, in the sole discretion of Silverpeak.

Trade allocations and aggregated trades are monitored on a monthly basis or more frequently as needed by the relevant oversight committee.

### **Item 13 - Review of Accounts**

- A. **Frequency and Nature of Review** – The Portfolio Managers evaluate the Client portfolios on a daily basis. Matters reviewed include specific securities held, adherence to investment guidelines and the performance of each Client's account. In addition, the relevant oversight committee will review Client portfolios on a quarterly basis.
- B. **Factors Prompting a Non-periodic Review of Accounts** – As mentioned above, the Funds and the SMA's are actively managed and are reviewed regularly throughout the trading day. However, there may be times when additional scrutiny is warranted, for example when there is a material movement in the price of a



security, an increased spread in bond pricing, and/or market volatility that is out of the ordinary.

- C. **Content and Frequency of Regular Account Reports** - Silverpeak provides reports as required by the applicable governing documents for each Client.

For the Funds: Each quarter Silverpeak issues an unaudited quarterly capital account summary in addition to a quarterly report for the Fund Investors. The quarterly report typically includes the following: unaudited financial statements, including a balance sheet; statement of changes in Investors' capital, and; statement of operations. Each Fund Investor also will receive the following: (i) annual financial statements, audited by an independent certified public accounting firm; (ii) tax reporting information, if applicable; and (iii) other reports as determined by the Firm or an affiliate of the Firm in its sole discretion. Silverpeak may by agreement provide additional information or reports to certain Clients.

For the SMA's: Reporting for the SMA's is set forth in the SMA's individually negotiated agreements.

Note for all Investors: Silverpeak and certain of its service providers often use email addresses provided by investors for communication purposes. Among other things, these communications may include required disclosures. Any Investor who wishes to receive communications by mail, rather than by email, should notify Silverpeak in writing.

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

- A. **Economic Benefits Received from Non-Clients for Providing Services to Clients** – Silverpeak has no arrangements whereby a party who is not a Client compensates or otherwise provides an economic benefit to Silverpeak for providing services to Clients.
- B. **Compensation to Non-Supervised Persons for Client Referrals** – Silverpeak has no third-party placement agents or solicitors who are compensated directly or indirectly by Silverpeak for referral of Investors to its Funds or to a separately managed account.

#### **Item 15 - Custody**

Silverpeak has "custody" of Client assets in the Funds for purposes of Rule 206(4)-2 of the Advisers Act (the "Custody Rule"). All Fund assets and securities over which Silverpeak has custody are maintained at



a “qualified custodian”, unless an exception to this requirement is permitted. The Fund undergoes an annual audit by a PCAOB-registered auditor that is subject to PCAOB inspection. All Investors will receive audited financial statements for the Funds within 120 days of the end of the fiscal year in accordance with Custody Rule requirements. Consequently, Investors in the Funds will not receive statements directly from the Fund’s qualified custodian(s).

Note that Silverpeak is not deemed to have “custody” of the SMA’s account assets.

#### **Item 16 - Investment Discretion**

As discussed in Item 4 above, Silverpeak provides investment advisory services on a discretionary basis to its Clients.

Prior to assuming full discretion in managing a Client’s assets, Silverpeak enters into an investment management agreement or other agreement that sets forth the scope of Silverpeak’s discretion.

Specifically, Silverpeak has the authority to determine (i) the securities to be purchased and sold for the Client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the Client account. Note that because of the differences in Client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among Clients in invested positions and securities held.

Silverpeak has discretionary authority from the outset of its advisory relationship with each Client to select the identity and amount of securities to be bought or sold for its portfolio. In all cases, however, such discretion is exercised by Silverpeak in a manner consistent with the stated investment objectives and guidelines for the particular Client account, as these are set forth in the offering and governing documents for each Client’s accounts.

#### **Item 17 - Voting Client Securities**

Silverpeak has the authority to vote proxies for securities held in the Fund and the SMA’s. Silverpeak’s proxy voting policy was adopted in accordance with SEC Rule 206(4)-6 of the Advisers Act and calls for it to exercise its duty of care and loyalty to its Investors with respect to monitoring corporate events and exercising proxy authority. At the present time, a majority of the investments held by Clients typically



do not issue proxies and are unlikely to be subject to a class action lawsuit. To the extent Silverpeak is required to vote Client securities or make a determination with respect to Client's participation in a class action lawsuit, it will do so in a manner it believes to be in the best interests of its Clients. The Principals are responsible for making such determinations. Note that Silverpeak occasionally receives solicitations for bond consents with respect to Client investments (e.g., to amend or waive existing bond terms). The Principals are responsible for determining whether to give or withhold consent regarding such solicitations. In general, such solicitations have a presumption of consent and Silverpeak will only have to take action in order to withhold consent if doing so is determined to be in the best interests of its Clients.

For other than bond consents, in the event that Silverpeak in the future were to transact in a security requiring a proxy vote, Silverpeak's policy would be to vote – not abstain from voting – on all issues presented on the portfolio securities held for its Clients. Silverpeak will consider all issues presented for a vote of security holders from an investment point of view and vote in the best investment interests of the beneficial owners of the Client account holding the securities that are being voted, with the goal of maximizing the long-term value of the Client account.

Silverpeak will consider all potential conflicts of interest brought to its attention, or that otherwise come to its attention, and will determine whether there exists a material conflict of interest with respect to the vote in question. A conflict of interest will be considered material to the extent it is determined that such conflict has the potential to influence Silverpeak's decision-making regarding the vote. Where it is deemed that a material conflict of interest does not exist, Silverpeak may cast such vote, subject to the duty to act solely in the best interest of the beneficial owners of Client accounts holding the securities that are being voted. Where it is determined that a material conflict of interest does exist, and if the issue is specifically addressed in Silverpeak's proxy voting policies and procedures, Silverpeak will vote in accordance with the stated policies. In a situation where the issue is not specifically addressed in the policies and an apparent or actual conflict exists, the Adviser shall either: (a) delegate the voting decision to an independent third party; (b) inform the Client of the conflict of interest and obtain advance requisite consent; or c) not vote.



Investors in the Funds and the SMA's may not direct the Adviser's vote in any proxy solicitation. Clients may obtain a copy of the Adviser's complete proxy voting policies and procedures upon request. Clients may also obtain information from the Adviser about how it voted any proxies on behalf of their account. Please contact the Adviser at 212 716-2069 or via e-mail at [garrett.yuan@silverpeak.com](mailto:garrett.yuan@silverpeak.com).

**Item 18 - Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Silverpeak has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.