

**Form ADV Part 2A: Firm Brochure**

March 31, 2021

**Bardin Hill Arbitrage IC Management LP**

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Bardin Hill Arbitrage IC Management LP is an investment adviser that is registered with the United States Securities and Exchange Commission. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

**This brochure provides information about the qualifications and business practices of Bardin Hill Arbitrage IC Management LP. If you have any questions about the contents of this brochure, please contact us at (212) 303-9498. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Bardin Hill Arbitrage IC Management LP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Material Changes

This is an annual amendment of our brochure, there are no material changes noted.

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## **1. Advisory Business**

Bardin Hill Arbitrage IC Management LP (referred to as “IC Management” or “we”) was founded in November 2013. IC Management is an investment advisory services firm focusing on highly liquid investment strategies for registered investment company clients (referred to as “RICs”). IC Management provides investment advisory services pursuant to sub-advisory agreements with unaffiliated investment managers on behalf of certain series of open-end investment companies registered under the Investment Company Act of 1940, as amended.

IC Management is affiliated with Bardin Hill Investments Partners LP, a leading global asset management firm for private investment funds. IC Management’s regulatory assets under management are estimated to be \$171,421,153 as of December 31, 2020. IC Management and its affiliates (referred to as “Bardin Hill”) manage approximately \$9.1 billion in client assets as of December 31, 2020 for a diverse group of advisory client funds and accounts whose investors include leading public and private pension funds, endowments, foundations, financial institutions, insurance companies, funds of hedge funds, and high-net-worth individuals. Bardin Hill’s advisory client funds have investors in the United States, Canada, the United Kingdom, Continental Europe, the Middle East, Asia, and Australasia. Bardin Hill is headquartered in New York. Jason O. Dillow is the Chief Executive Officer and sole indirect principal owner of Bardin Hill. Mark Simons, and Gian Maria Magrini serve as the Portfolio Managers for IC Management. The sole limited partner of IC Management is Bardin Hill Arbitrage Management LP, and Bardin Hill Arbitrage Management GP LLC is the general partner of IC Management. Bardin Hill draws on the skills and experience of approximately 80 employees, approximately 33 of whom are investment professionals. Please note that effective April 2021, Kevah Konner has retired from the Firm.

IC Management invests in a wide range of transferable securities, financial derivative instruments and other eligible securities. Such securities may include, but are not limited to, equity and equity-related securities (which may include common stocks, preferred stocks and convertible securities) and debt securities. These investments may include merger arbitrage and related strategies, including but not limited to, mergers, acquisitions, transfers of assets, tender offers, exchange offers, recapitalizations, divestitures, spin-offs, capital structure restructurings, reorganisations, and liquidations.

We tailor advisory services to the individual needs and specified investment mandates of our clients. We adhere to the investment restrictions set forth in the sub-advisory agreement with the investment manager of each client. Subject to the requirements of the sub-advisory agreements, we have full discretionary authority over the investment program of the assets allocated to us by the investment manager of each client. We do not participate in wrap fee programs.

## **2. Fees and Compensation**

IC Management receives compensation from the investment managers of the clients calculated as a percentage of the assets under management by IC Management. Neither IC

Management nor any of IC Management's partners and other IC Management employees (referred to as "Employees") receives any transaction-based compensation for the sale of securities or other investment products.

The asset-based fees with respect to RICs are calculated by the RIC's principal investment manager on the average daily allocated assets in accordance with the relevant RIC's methodology and paid by the principal investment manager to IC Management monthly or quarterly in arrears, subject to pro-rata in the event the relevant sub-advisory agreement is terminated before the end of the fee period.

Clients are responsible for all costs and expenses directly related to portfolio investments or prospective investments (whether or not consummated), including payment of brokerage commissions, transfer fees, registration costs, interest on debit balances or borrowings, commitment fees, custodial fees, fees, expenses and profit-sharing payments due to unaffiliated advisors, sub-advisors, consultants, lawyers and finders (which do not offset the management fees of IC Management), specific expenses incurred in obtaining or maintaining systems, research and other information utilized with respect to the clients' investment program and any withholding or transaction related taxes.

When Bardin Hill incurs expenses on behalf of multiple clients, we allocate the expenses among the applicable clients in a fair and equitable manner and consistent with the clients' governing documents. We typically allocate expenses directly related to a specific investment among clients based on the relative value of the positions being acquired, held or sold, and shared expenses not directly related to a specific investment are generally allocated based on the relative net asset value of client accounts to the extent the relevant sub-advisory agreement permits charging such expenses to the client. However, we may apply other expense allocation formulas and methods at our discretion. We cannot guarantee the accuracy of all expense allocations and are not financially responsible for incorrect allocations in the absence of a breach of the standard of care set forth in the relevant sub-advisory agreement.

For more information on brokerage transactions and costs, please see Section 9: Brokerage Practices.

### **3. Performance-Based Fees and Side-By-Side Management**

IC Management does not receive performance-based compensation in connection with its sub-advisory services to RICs. However, IC Management's affiliates do receive performance-based compensation for their services to other clients which may invest in the same positions as IC Management's clients. There is a potential conflict of interest in favoring clients subject to performance compensation over those that are not subject to performance-based compensation. Bardin Hill's investment allocation policy prevents IC Management and its affiliates from taking compensation into account when allocating limited investment opportunities.

#### **4. Types of Clients**

We provide advisory services solely to RICs by entering into sub-advisory agreements with their investment managers.

#### **5. Method of Analysis, Investment Strategies, and Risk of Loss**

IC Management focuses primarily on merger arbitrage and related strategies, including but not limited to, mergers, acquisitions, transfers of assets, tender offers, exchange offers, recapitalizations, divestitures, spin-offs, capital structure restructurings, reorganisations, and liquidations. The investment objective will be primarily achieved by investing in publicly disclosed transactions in an effort to capture a “spread” between the value of a security post the announcement of a transaction and the value of the consideration at its consummation.

IC Management’s investment, research, and risk management processes are systematic and institutionalized. Its dynamic approach to portfolio construction is based on bottom-up position comparison with a top-down overlay. The bottom-up process begins with idea generation; this involves the use of proprietary screens and mining of relationships with sell- and buy-side analysts, company contacts, news media and other sources by IC Management’s investment professionals. Opportunities that have been identified are researched in a process involving fundamental analysis and valuation, constituency and industry analysis, legal and regulatory evaluation, consideration of tax and accounting issues, as well as timing estimation. Portfolio Managers consider each opportunity and make investment decisions both at investment committee meetings each morning and throughout the day, in each case, in the context of new information, conclusions and market conditions. Additionally, portfolio positions are re-evaluated on an ongoing basis in the context of new opportunities and other portfolio positions, and capital is allocated accordingly.

- A. IC Management’s dedication to the rigorous management of risk within and across subsets of its portfolios is designed to identify and address effectively the sorts of risk inherent in the types of transactions in which we participate. However, despite our risk management process, investing in any securities or other assets involves a risk of loss that our clients and the investors in our clients must be prepared to bear.

Examples of potential areas of risk associated with the investment strategy in which we engage are:

High Turnover. IC Management trading activities may be made on the basis of short-term market considerations. The portfolio turnover rate may be significant, potentially involving substantial brokerage commissions, related transaction fees, and expenses and financing charges.

Equity Securities Generally. We engage in trading equity securities. Market prices of equity securities generally, and of certain companies’ equity securities more particularly, frequently are subject to greater volatility than prices of fixed-income securities. Market prices of equity securities as a group have dropped dramatically in a short period of time

on numerous occasions in the past, and they may do so again in the future. In addition, actual and perceived accounting irregularities may cause dramatic price declines in the equity securities of companies reporting such irregularities or which are the subject of rumors of accounting irregularities.

Merger Arbitrage. Our merger or “risk” arbitrage strategy depends upon our ability to identify merger activity to capture (or sell short) the spread between current market values of securities and their values after successful completion of a merger, restructuring, or similar corporate transaction. Merger arbitrage investments may incur significant losses when anticipated merger or acquisition transactions are not consummated. The consummation of mergers, tender offers, and exchange offers may be prevented or delayed by a variety of factors including: (i) regulatory and antitrust restrictions, (ii) political factors, (iii) industry weakness, (iv) stock-specific events, (v) failed financings, and (vi) unforeseen circumstances. Merger arbitrage positions are also subject to the risk of overall market movements. To the extent that a general increase or decline in equity values affects the stocks involved in a merger arbitrage position differently, the positions may be exposed to loss. Merger arbitrage strategies also depend for success on the overall volume of merger activity, which historically has been cyclical in nature.

Non-Controlling Investments. IC Management typically makes non-controlling investments and, therefore, may have a limited ability to protect its investments and may be adversely affected by actions taken by the majority equity holders of the portfolio companies in which it invests.

Purchasing Securities of Initial Public Offerings. We may purchase securities or other instruments of companies involved in initial public offerings or shortly thereafter. Special risks associated with these securities or other instruments may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for IC Management to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

Small and Medium Capitalization Companies. We may invest a portion of our clients’ assets in the securities or other instruments of companies with small to medium-sized market capitalizations. While IC Management believes such securities or other instruments often provide significant potential for appreciation, the securities of certain companies, particularly smaller-capitalization companies, involve higher risks in some respects than do investments in securities or other instruments of larger companies. For example, prices of small-capitalization and even medium-capitalization securities or other instruments are often more volatile than prices of large-capitalization securities or other instruments, and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses

to investors) is higher than for larger, “blue-chip” companies. In addition, due to thin trading in the securities or other instruments of some small-capitalization companies, an investment in those companies may be illiquid.

Interest Rate Fluctuations. The prices of securities or other investments tend to be sensitive to interest rate fluctuations, and unexpected fluctuations in interest rates could cause the corresponding prices of positions to move in directions which were not initially anticipated. For example, as interest rates rise, the market value of fixed income securities and similar assets tends to decrease. Conversely, as interest rates fall, the market value of fixed incomes securities and similar assets tends to increase. To the extent that interest rate assumptions underlie the hedge ratios implemented in hedging a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose clients to losses.

Investments in Unregistered Securities. We may invest a portion of our clients’ assets in unregistered securities or other instruments, including investments in new and early stage companies or companies undergoing operational or financial restructuring, which may involve a high degree of business and financial risk that can result in substantial losses. Because of the possible absence of a liquid trading market for these investments, it may take longer to liquidate these positions than would be the case for publicly traded securities or other instruments, or it may not be possible to liquidate them. Although these securities or other instruments may be resold in privately negotiated transactions, the prices realized on these sales could be substantially less than those originally paid by our clients. Further, companies whose securities or other instruments are not publicly traded will generally not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities or other instruments.

Competition. The success of investments typically depends on our ability to identify or exploit opportunities more efficiently than other market participants. The ability to do so may be adversely affected as a result of the highly competitive nature of the asset management industry.

Leverage. Subject to legal and contractual restrictions and applicable law, IC Management generally has the discretion to use borrowing and other forms of leverage, including through the use of derivative instruments in our strategies. While the use of leverage can amplify the profit on successful investments, it can also amplify the losses incurred on unsuccessful investments.

Limited Liability and Indemnification. Each sub-advisory agreement limits the instances in which IC Management may be held liable. In addition, IC Management and its affiliates are entitled to indemnification by each client with respect to their services in the absence of a breach of IC Management’s standard of care, which can result in significant financial burden borne by the client.

Conflicts of Interest. As described elsewhere in this brochure, IC Management is subject to various conflicts of interest as a result of our management of multiple clients, the nature of our compensation arrangements, and our relationship with the affiliated management companies and other accounts managed by them. The existence of these conflicts of interest

may influence the independence of IC Management's judgment. This brochure and other Bardin Hill materials contain information about how IC Management manages these conflicts.

Cybersecurity. The computer systems, networks and devices used by Bardin Hill and its service providers to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices potentially can be breached. Bardin Hill's advisory clients could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to Bardin Hill's advisory clients; interfere with Bardin Hill's ability to calculate the value of an investment; impede trading; interfere with Bardin Hill's and its service providers' ability to transact business; violate applicable privacy and other laws; and result in regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs, as well as the inadvertent release of confidential information.

The offering documents for clients and the summary of risk factors that we provide to our clients contain a discussion of various risk considerations that is more extensive in scope and depth than the foregoing summary.

## **6. Disciplinary Information**

There have been no legal or disciplinary events involving IC Management or any of our Managing Principals or executive officers that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

## **7. Other Financial Industry Activities and Affiliates**

IC Management is affiliated with Bardin Hill Investment Partners LP and all of its affiliated relying advisers. Bardin Hill Investment Partners LP is separately registered with the Securities and Exchange Commission as an investment adviser, and information concerning it and all of its relying advisers is included in its own Form ADV Part 1 and Part 2. IC Management is also affiliated with Bardin Hill Loan Advisors (UK) LLP, which is authorized and regulated by the Financial Conduct Authority of the United Kingdom.

Our investment professionals participate in managing the portfolios of more than one advisory client and in many instances, on behalf of more than one investment advisory entity. As a result, they do not devote their exclusive attention to any single advisory client or any single management company. Mindful of the presence of potential conflicts of interest, IC Management seeks to act fairly when allocating investment opportunities. IC Management has adopted written policies and procedures that are designed to ensure fair



allocations over time. In particular, our policy prevents us from taking into account fee or other compensatory differences in allocating an investment opportunity.

The investment activities of one or more advisory clients of Bardin Hill can result in the imposition of restrictions on the flexibility of other clients. For example, if Bardin Hill obtains material non-public information concerning a company on behalf of an advisory client in connection with a privately negotiated transaction, other advisory clients may be unable to trade in securities of the same company in the public markets. In addition, such accounts may compete with the RICs for investment opportunities or otherwise pursue different interests within the same portfolio companies to the extent permitted by applicable law, including investing in securities of the same companies with different seniority, participating in litigation or pursuing activist tactics. Requirements imposed by the Investment Company Act with respect to IC Management's investment activities may indirectly result in some prohibitions and restrictions on the investment activities of one or more advisory clients of Bardin Hill, and in seeking to minimize these restrictions when possible, consistent with applicable law and its internal policies, IC Management may determine not to invest in a position on behalf of a RIC even if such position is appropriate for a RIC.

IC Management does not plan to engage in cross trades among accounts managed by it or by Bardin Hill. However, to the extent permitted by the relevant sub-advisory agreement and to the extent IC Management determines to engage in any such transaction, it will do so only upon a determination that such transaction is in the best interests of each of the participating client accounts and with the consent of the relevant client if consent is required by applicable law, contract or in other appropriate circumstances as determined by IC Management. In addition, any cross trades affecting RICs are subject to the requirements of Rule 17a-7 under the Investment Company Act of 1940, as amended. See also Section 9: Trade Aggregation and Allocation.

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

- A. IC Management and its affiliated management companies have adopted a Code of Ethics in accordance with legal requirements. The Code of Ethics is designed to ensure that the interests of Employees do not conflict with the interests (including transactions) of our clients. The Code of Ethics is based on the principle that IC Management and its Employees owe a fiduciary duty to our clients and their investors. Thus, Employees must, among other things, (i) place the interests of our clients and their investors first, (ii) avoid taking inappropriate advantage of their positions within IC Management, and (iii) conduct their personal securities and other investment transactions in full compliance with the Code of Ethics. Policies adopted by IC Management with which all Employees (and, in certain circumstances, members of their families and other related persons) must comply include, but are not limited to, preapproval of certain personal investment transactions by the Chief Compliance Officer or her designee, annual certification of compliance with the Code of Ethics and requiring brokers to provide IC Management with duplicate confirmations of all personal transactions and other periodic personal account statements. IC Management provides a copy of its Code of Ethics to any client, any investor, or any prospective client

or investor that requests one, and a copy of its Code of Ethics is filed with the registration statement of each RIC that it advises or subadvises.

- B. Employees do not recommend to advisory clients, nor do they buy or sell for clients, securities or other instruments in which they have a material financial interest. IC Management's related persons invest personally in some of our clients. These investments could theoretically pose a conflict of interest with our other advisory clients because officers and Employees may be motivated to allocate time, attention, and/or investment opportunities to the clients in which they invest at the expense of other clients. IC Management has adopted written policies and procedures governing the allocation of investment opportunities among clients in a fair and equitable manner.
- C. IC Management has a comprehensive set of procedures in place to address potential conflicts that may arise between Employees and clients when investing in the same securities or instruments and to align incentives properly. The Code of Ethics generally provides that, except as authorized in writing by the Chief Compliance Officer or her designee, no Employee may purchase or direct transactions for the purchase of securities of public and private issuers and other instruments in personal accounts (subject to certain limited exceptions that do not pose potential conflicts of interest). Moreover, no Employee may effect a transaction in a personal account on the day before, the same day, or the day after a day when Bardin Hill is purchasing and/or selling that same security or instrument on behalf of an advisory client. Sales of securities or other instruments by any Employee are also subject to pre-approval from the Chief Compliance Officer or her designee, subject to limited exceptions.

The Code of Ethics also provides that all Employees must notify IC Management of all relevant existing personal accounts and must obtain approval from the Chief Compliance Officer or her designee prior to the opening of any new relevant personal account. Copies of confirmations of all relevant personal transactions and any other information reflecting account or transactional activity involving personal accounts must be provided to IC Management. In the limited circumstances in which personal trading activities are permitted, the Chief Compliance Officer or her designee approves all relevant proposed transactions involving personal accounts prior to execution. The Chief Compliance Officer or her designee also conducts a quarterly review of relevant personal accounts to examine trades executed during the previous quarter and related statements to determine whether all the accounts are maintained in compliance with the requirements and restrictions described above. To the extent there is any finding relating to personal trading activity that is inconsistent with this policy, IC Management will investigate and, as with any breach of the firm's policies, a violation is subject to disciplinary action, including dismissal.

## **9. Brokerage Practices**

In selecting broker-dealers and determining the reasonableness of their commissions for our clients' transactions, IC Management takes into account a number of factors, including the following: ability to secure future investment opportunities; quality and reliability of brokerage services; commissions or other fees for executing the orders; price; the broker's or dealer's facilities; financial responsibility; the ability of the broker or dealer to effect

transactions, particularly with regard to aspects such as timing, order size and execution of orders; and the research and other investment-related services provided by the broker or dealer to IC Management in compliance with Section 28(e) of the Securities Exchange Act of 1934, as amended (or in the case of certain instruments for which the “safe harbor” is not available, IC Management will evaluate the amount of spread charged in relation to the value of the research and other brokerage services provided) to enhance its general portfolio management capabilities, notwithstanding the fact that specific clients may not be direct or exclusive beneficiaries of these services. IC Management executes trades for advisory clients with broker-dealers with which IC Management has other business relationships, including prime brokerage, credit relationships and capital introduction or investments by affiliates of the broker-dealers in advisory client entities. We do not take client or investor referrals into account in selecting broker-dealers.

IC Management does not utilize “soft dollar” commissions to purchase third-party research and other services. We do, however, consider a broker-dealer’s proprietary research in selecting broker-dealers and determining the commission rates. Accordingly, IC Management may cause a client to pay a commission for effecting a transaction for the advisory client in excess of the amount another broker or dealer would have charged for effecting that transaction, where it determines in good faith that this commission is reasonable in relation to the value of the brokerage and/or research services the broker or dealer provides to IC Management. IC Management does not put a specific dollar value on the research or brokerage services of any broker or dealer and does not allocate the relative costs or benefits of research, because IC Management believes that the research received is, in the aggregate, of assistance in fulfilling IC Management’s overall responsibilities to its advisory clients.

Bardin Hill’s Broker Review Committee meets quarterly to ensure that our obligation to seek best execution in trading activities for the benefit of all advisory clients is being met. The Broker Review Committee, the members of which include various officers and Employees, review internally generated records and externally prepared reports bearing on the selection of broker-dealers, including: the approved list of executing brokers; commission reports; gift and entertainment logs; reports analyzing Bardin Hill’s use of broker-dealers and; a report containing the results of a broker vote by certain Bardin Hill investment professionals. The research services that broker-dealers might provide include written information and analyses concerning specific investments, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. In some cases, research services that are generated by third parties may be provided by or through the brokerage firm to which commissions are paid. Using client transactions to obtain research and other benefits which IC Management does not have to buy or produce on its own may create incentives that could result in conflicts of interest. When IC Management uses client markups or markdowns to obtain research products and services, it receives a benefit because it does not have to produce or pay for the research products and services. The availability of these benefits creates the potential that we might be influenced to select one broker-dealer rather than another to perform services for clients based on our interest in receiving the products and services rather than on our clients’ interest in receiving the best execution prices.

Obtaining these benefits may cause our clients to pay higher fees than those charged by other broker-dealers. To mitigate risks of conflicts of interest, IC Management does not permit clients to direct us to execute transactions through a specified broker-dealer.

#### Trade Aggregation and Allocation

Bardin Hill has adopted comprehensive policies regarding trade aggregation and allocations of investments. Where appropriate, transactions for our advisory clients and advisory clients of our affiliated management companies are aggregated for execution purposes, so long as IC Management determines in good faith that aggregation is likely to result in relatively better prices, lower commission expenses, beneficial transaction timing or a combination of these and other factors, provided that IC Management is not required to aggregate any trades. If purchases or sales of assets for multiple clients are effected simultaneously, and to the extent aggregate transactions are executed at slightly different prices, the average transaction price is used instead.

Clients are allocated investment opportunities suitable in light of their respective investment mandate, investment restrictions and guidelines (if any), available capital, and other relevant factors pursuant to Bardin Hill's allocation policy. IC Management and its affiliated management companies, in their discretion, make investment decisions with respect to each client that may be the same as or different from those made for other advisory clients. Bardin Hill's allocation policy requires IC Management and its affiliated management companies to act fairly and equitably over time in allocating limited investment (and divestment) opportunities that may be suitable for multiple clients and to ensure that no client is intentionally or systematically favored at the expense of other clients, including as a result of better compensation arrangements or the level of proprietary capital invested in a client. Bardin Hill determines trade allocation prior to the execution and in the absence of other considerations and generally allocates each trade pro rata among all clients for which such trade is appropriate on the basis of the daily capital balance of each such client (factoring in redemptions and subscriptions). Bardin Hill makes non pro rata allocations in light of a variety of relevant factors affecting client accounts, including account liquidity (including an account's cash availability, other liquidity obligations in light of investor redemptions, commitments to other investments, and availability of leverage); written investment restrictions contained in applicable investment management or other relevant operating agreements; investment strategies and time horizons; applicable legal and regulatory restrictions, including whether or not an account is deemed to be "plan assets" under ERISA; risk tolerance; advisory client approval (in the case of clients that retain a degree of investment discretion); tax considerations; applicable limitations on credit, clearing and custody; rounding to multiples of trading lot sizes or the avoidance of creating odd-lots; adjustments for accounts in ramp-up or wind-down phases, based on one or more criteria, including the expected or target account size (e.g., Bardin Hill may allocate investments to a closed-end vehicle after its initial close using a good faith assessment of assets to be included in the vehicle upon subsequent closes), anticipated opportunities to acquire or sell an investment, or anticipated subscriptions or redemptions; priority afforded to the clients of the management company generating the investment idea; and extraordinary corporate actions or corporate events impacting a proposed allocation.

At IC Management's discretion and subject to applicable law, clients' portfolios may be rebalanced from time to time to reflect capital changes.

### Trade Errors

IC Management has adopted policies and procedures regarding trade errors (each a "Trade Error"). IC Management defines a Trade Error as the settlement of a transaction by IC Management on behalf of an Advisory Client on terms other than those intended by IC Management. Errors resulting from other causes, including (i) trades implemented as a result of faulty data, systems or modeling, (ii) trades that are improperly executed but corrected prior to their settlement, (iii) trades that are properly executed and settled but result in losses, (iv) errors committed by other persons (including brokers and custodians) and (v) which are otherwise caused by human error other than those specifically described in IC Management's Trade Error Policy, are not considered Trade Errors. The loss of an investment opportunity also is not considered a Trade Error.

IC Management seeks to avoid Trade Errors and to resolve Trade Errors that do occur in a prompt manner. IC Management's responsibility to bear losses is governed by the applicable client governing documents and advisory agreements. Typically, IC Management will only incur liability for losses arising from Trade Errors in cases of IC Management's gross negligence or willful misconduct. IC Management may reimburse clients for losses arising from Trade Errors that are not the result of gross negligence or willful misconduct, at IC Management's discretion. Generally, *de minimis* losses resulting from Trade Errors will be borne by clients.

## **10. Review of Accounts**

- A. IC Management has adopted policies regarding and has formed committees responsible for the review of its advisory clients' portfolios. In constructing portfolios, the IC Management Portfolio Managers apply both bottom-up and top-down considerations, limiting risk of individual positions according to various shock-drawdown scenarios and taking into account macroeconomic and market conditions. Portfolios are hedged at the position level as well as the portfolio level. Exposure to equity and credit markets, commodity markets, currency, and sector risk are considered in this context. Equity market-based hedges are typically largely out-of-the money, the purpose being to purchase effective "drawdown insurance" at a reasonable cost.

Two separate bodies meet regularly to oversee the risk management processes. The independent Risk Management Committee, chaired by Bardin Hill's Chief Financial Officer, conducts a rigorous bottom-up, position-based risk analysis. On a continual, as-needed basis and, at least, bi-monthly, research analysts provide input on the positions for which they are responsible to the Risk Management Committee, which independently evaluates the shock-drawdown risk associated with each position. To the extent the Risk Management Committee disagrees with a research analyst with respect to downside scenarios, the research analyst must provide support to justify the position. If the Risk Management Committee cannot come to an agreement with the research analyst on the potential downside, it must immediately consult with the Portfolio Managers. Moreover,

in addition to communicating any such findings to the Portfolio Managers, the Risk Management Committee advises and reports directly to IC Management's executive committee.

This bottom-up process is supplemented by a top-down overlay. The Risk Oversight Committee meets weekly to consider macro-level economic and market trends and to assess the client portfolios, focusing on managing risk in a manner consistent with each client's operating agreements and guidelines. At these weekly meetings, the Risk Oversight Committee reviews and may adjust limits to position size, industry exposure, commodity risk, systemic risks, and other concentrations and assess portfolio-level and position-level hedges. The Risk Oversight Committee also considers the strategy mix and the biggest risks among the holdings, taking into account macro-economic conditions, the regulatory framework, the geopolitical climate, secular risks and the potential for companies and/or specific industries to implode.

Bardin Hill also actively manages counterparty, technology, and operational risk as well as conflicts of interest through various committees, including our Risk Committees, the Valuation Committee, the Information Technology Committee, the Broker Review Committee, and the Conflicts Committee.

- B. We provide to our clients such information as may be required by them and agreed with them pursuant to the relevant sub-advisory agreement.

## **11. Client Referrals and Other Compensation**

IC Management does not, nor do any Employees, receive any economic benefit from non-clients for providing advisory services to our clients. Additionally, IC Management is not affiliated with any broker-dealers.

## **12. Custody**

Each client establishes accounts with its own qualified custodians, and neither IC Management nor any of our affiliates has authority to deduct fees or other expenses from the managed account assets. Our managed account clients receive account statements directly from their own qualified custodians. We urge our clients to carefully review the statements they receive from their qualified custodians and compare them with the periodic reports we send them.

## **13. Investment Discretion**

### Scope of Authority

IC Management accepts discretionary authority to manage assets under the sub-advisory agreements, subject to the requirements set forth in these agreements. We have the authority to determine, without obtaining specific client consent, which securities or other investments to buy or sell, the amount of securities or other investments to buy or sell, the broker through which we effect trades, if any, and the commission rates at which we effect trades. While we have been given this broad authority, IC Management is committed to

adhering to the investment strategy and investment guidelines specified by our clients. IC Management's discretion over the accounts is limited by investment guidelines negotiated with the clients. IC Management has processes and procedures in place to verify that it is complying with any client-imposed restrictions and adhering to each client's investment strategy and objectives.

#### Procedures for Assuming Authority

Prior to providing investment advice to clients, we require the client to appoint us as discretionary agent of each portfolio that we manage for our managed account client. This gives us complete discretionary authority to buy and sell any securities and other investments in the amounts and at the prices that we determine.

### **14. Voting Client Securities**

#### Proxy Voting Policy

IC Management's policy is to review each proxy or information statement on an individual basis and to base its voting or consent decision on its judgment about what will best serve the interests of its advisory clients. In determining how or whether to vote proxies or provide consents, IC Management does not subordinate the economic interests of its advisory clients to the interests of other persons or to IC Management's self-interest. Decisions are made by relevant Portfolio Managers and based on the financial interest of each advisory client in light of the specific applicable investment strategy. Each proxy proposal is considered on its own merits, and an independent determination is made whether to support or oppose management's position. Additionally, in certain circumstances, IC Management may determine that it is in the best interests of its advisory clients not to vote or consent or that a vote or consent is not required, for example, where the clients' holdings are *de minimis*, when the proxy vote covers only routine corporate business, or where the advisory clients' positions were liquidated between the record date and the vote deadline.

IC Management's Operations Manager or his designee notifies relevant Research Analysts of pending corporate actions involving the advisory client portfolios. The Research Analyst assigned to the transaction or security consults with a member of the Investment Committee, which is responsible for the ultimate determination regarding the proper vote or consent, and with the Chief Compliance Officer. If in reviewing the corporate action, the Chief Compliance Officer (in consultation with the Investment Committee or others) determines that a material conflict may exist between IC Management's interests and those of its advisory clients, the Chief Compliance Officer will inform the Conflicts Committee of such potential material conflict. The Conflicts Committee will evaluate the potential or actual conflict and, in consultation with the member of the Investment Committee, will determine if a material conflict of interest exists, and if so will determine the appropriate course of action to resolve the conflict in the interests of its advisory clients. If a conflict cannot be resolved, the affected clients will be informed of the conflict and explicit voting instructions will be solicited.



If no material conflict exists, or has been resolved, a member of the Investment Committee will, in accordance with IC Management's fiduciary duties, make a determination as to how to vote the proxy and communicate the decision to the Research Analyst. The Research Analyst will then communicate the decision by the member of the Investment Committee to the Operations Manager, typically prior to the close of business on the day prior to the vote deadline. The Operations Manager utilizes the website [www.proxyvote.com](http://www.proxyvote.com) to transmit the proxy vote or consent and receives confirmation of the vote or consent from the website. Upon receipt of said confirmation, the Operations Manager forwards the confirmation to the Chief Compliance Officer or her designee. The Chief Compliance Officer or her designee retains this information for six years from the date the proxy vote or consent is executed.

#### Recordkeeping

IC Management maintains the following records relating to proxy voting: copies of our proxy voting policies and procedures and any amendments; proxy statements received for client securities and other assets; records of proxy votes cast on behalf of our clients; records of written requests from clients for proxy voting information and our written responses to any written or oral requests; and any documents that our Employees prepared that were material to deciding how to vote proxies or that memorialize the basis for a proxy vote. Upon request, any of our clients or any of the investors in our clients can obtain (1) a copy of our proxy voting policies and procedures and (2) information concerning proxy votes on its behalf.

### **15. Financial Information**

IC Management does not require nor do we solicit prepayment of more than \$1,200 in fees from clients, six months or more in advance. IC Management is not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our clients. IC Management has never been the subject of a bankruptcy petition.