

Item 1: Cover Page

BasePoint Advisors LLC Part 2A of Form ADV The Brochure

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This brochure provides information about the qualifications and business practices of BasePoint Advisors LLC. If you have any questions about the contents of this brochure, please contact us at 212-634-9900. 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 BPA is also available on the SEC's website at: www.adviserinfo.sec.gov.

Item 2: Material Changes

BasePoint Advisors LLC filed its initial Brochure with the SEC on October 4, 2021, as a newly formed adviser expecting to be eligible for SEC registration within 120 days after the date its registration with the SEC became effective.

This Brochure contains updates and changes to certain information in our initial Brochure some of which may be material, including the following material updates and changes.

BasePoint Advisors became registered with the SEC on November 3, 2021, and began offering advisory services on January 3, 2022, as a large advisory firm with regulatory assets under management of greater than \$100 million dollars. When we filed our initial Brochure, we had no assets under management. This Brochure has been updated to reflect our current SEC registered status and our management of a new fund with committed capital of \$352,500,000. This updated Brochure also reflects our establishment of certain committees to address pricing and valuation issues, and further steps taken to address potential conflicts of interest.

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Item 4: Advisory Business

BasePoint Advisors LLC (“**BPA**,” the “**Adviser**,” “**us**” or “**we**”), a Delaware limited liability company founded in 2021, is located in New York, New York. BPA became registered with the SEC on November 3, 2021, and began offering investment advisory

services on January 3, 2022. In December 2021, BasePoint Advisors Holdings L.P. (“**BPAHLP**”) became the direct owner of BPA. The general partner of BPAHLP is BasePoint Group Inc. (“**BGI**”) and the sole limited partner of BPAHLP is FarPoint Mgt. L.P. (“**FPMLP**”). BGI is a wholly owned direct subsidiary of Advantage Insurance Inc. (“**AVI**”). The general partner of FarPoint Mgt. L.P. is FarPoint Mgt. Group Corp. Eric Schneider, the CEO and CIO of BPA is the sole owner of FarPoint Mgt Group Corp. and is currently the sole limited partner of FPMLP. Seventy-five percent (75%) of BPA’s investment management profits (if any) are allocable to FPMLP.

BPA focuses primarily on investing in credit opportunities and special situations in the specialty finance universe, including, without limitation, acquiring primary and secondary loans.

BPA provides investment advisory services primarily to pooled investment vehicles (each, a “**BPA Fund**” and collectively, “**BPA Funds**”) and may, in special situations, provide advice to separately managed accounts (each, a “**BPA Managed Account**” and collectively, “**BPA Managed Accounts**”), BPA Funds and BPA Managed Accounts are collectively referred to in this Brochure as the “**BPA Clients**” or the “**Clients**”).

BasePoint Capital LLC (“**BasePoint Capital**”), an affiliate of BPA is a commercial service provider to separately organized and segregated lending subsidiaries typically formed as limited liability companies or as a statutory series of a Delaware statutory trust (each a “**BP Lender**”), which ultimately extend commercial loans to various commercial borrowers, together with certain participating lenders, under non-recourse loan participation agreements. These commercial loans are secured by the assets of the ultimate borrowers typically in the form of a master loan and security agreement. The related funding obligations of each of these BP Lenders are typically met using equity capital, retained earnings and the sale proceeds of limited recourse loan participation interests syndicated to third parties. These participation interests are not offered to the public as an investment vehicle, rather they are made available on a confidential basis only to sophisticated banks, insurance companies, funds and other institutions, family offices and high net worth individuals. BPA Clients may invest in loans originated by one or more BP Lenders directly or otherwise (as a direct lender, co-lender, or loan participant).

BPA generally has discretion to invest BPA Client assets pursuant to the terms of the specific investment agreement with each BPA Client, and/or the governing documents and/or related agreements of each BPA Fund. Any applicable limitations or restrictions on BPA’s investment discretion (if any) are set forth in investment management agreements with the applicable BPA Client, including sometimes in a side letter, and/or with respect to a BPA Fund, in its governing documents and/or its related offering documents. In some circumstances, certain substantial BPA Clients (generally, those with more than \$200 million in assets to invest through BPA) may desire to invest in a customized portfolio of loans (as a direct lender, co-lender, or loan participant) with one or more BP Lenders, with customized credit enhancement and co-investment requirements, and/or other investment products (each a “**Customized Account**”).

BPA manages each BPA Fund pursuant to the objectives specified in the governing documents and offering documents (which may include, a private placement memorandum made available to prospective investors), by which each BPA Fund offers its ownership

interests to investors and pursuant to the restrictions or limitations (if any) set forth therein and/or in each BPA Fund's investment management agreement and/or side letter agreement with BPA and, in the context of a BPA Fund, sometimes with its general partner. A BPA affiliate serves as the general partner of each BPA Fund. In some instances, a BPA principal or one or more of its affiliates, may coinvest in a BPA Fund. In those circumstances in which the subject investment opportunity is with a BP Lender, and therefore is deemed to be a principal transaction between BPA's affiliate (*i.e.*, a BP Lender) and the BPA Fund, each such proposed transaction with a BP Lender requires the prior written consent of the BPA Fund (other than from that of any BPA-related investor therein), or from that of a duly appointed representative of the non-BPA affiliated investors in such BPA Fund.

To the extent BPA manages a BPA Managed Account, the advisory services it provides will be governed by the express terms specified in the individually negotiated investment management agreement with such Client, and tailored to the underlying Client's stated investment objectives, guidelines, restrictions and/or limitations. As with a BPA Fund, if a subject transaction or investment for the BPA Managed Account involves a transaction with a BP Lender, the underlying Client will have to consent, in writing, to each proposed transaction or investment with a BP Lender.

As noted above and hereinafter, the Adviser and/or its affiliates may enter into side letters or other similar agreements with certain investors in specific BPA Funds (without the approval of any other BPA Fund investors) in connection with their admission to such BPA Funds. Such side letters or other similar agreements may alter and/or supplement the terms of the BPA Fund's governing documents (with respect to the specific investor in question) in a manner that makes the terms applicable to such investors more favorable than those applicable to other investors (including, without limitation, with respect to fees).

As of the date hereof, BPA has regulatory assets under management of \$352,500,000.00 all of which are managed on a discretionary basis.

The specific advisory services that we offer to BPA Clients, including the investment strategies pursued and investments recommended to, or chosen by us, on behalf of BPA Clients, should not be construed to limit or restrict our investment advice, strategies, or business in any manner. We may offer advisory services, engage in any investment strategy, and make investments in securities and non-securities that are not otherwise described in this Brochure, but we otherwise consider appropriate for our BPA Clients, subject to each BPA Client's investment objectives, guidelines as well as any specific restrictions, limitations, or prohibitions they may impose.

Item 5: Fees and Compensation

The fees and compensation charged by BPA are specified in the investment management agreement entered into with each BPA Client, and/or the governing documents for each BPA Fund. The fees and compensation described in this section represent what BPA generally charges to its advisory clients as well as other fees and expenses that BPA Clients may incur.

BPA will generally deduct its applicable "**Management Fee**" from each BPA Fund, on a quarterly basis in advance. BPA intends to bill its BPA Managed Accounts for its

Management Fee on a quarterly basis generally in advance. Additionally, an affiliate of BPA, serving as the general partner of a BPA Fund organized as a limited partnership, or as a manager of a limited liability company, is entitled to receive a carried interest (the “**Carried Interest**”) from the subject BPA Fund. BPA will assess a performance fee (a “**Performance Fee**”) on eligible BPA Separately Managed Accounts. The Carried Interest and Performance Fee assessed are based upon on the aggregate net realized gains (inclusive of net interest income) from investments made by the BPA Fund or BPA Managed Account, as applicable, to the extent the gains exceed a certain performance benchmark or hurdle. The Carried Interest for a BPA Fund will be paid internally by such BPA Fund, by debiting the capital account of each limited partner or member, as the case may be, and crediting the capital account of the BPA affiliated general partner or manager. Generally, the Performance Fee will be paid by the Managed Account after being billed by BPA showing the calculation of the same. Generally, the Carried Interest allocated and the Performance Fee will be assessed as the underlying investments realize gains.

Only those potential investors who or which meet the definition of a “qualified purchaser,” as such term is defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “**Investment Company Act**”) (each, a “**Qualified Purchaser**” and collectively, “**Qualified Purchasers**”) will be eligible to become investors in a BPA Fund.

BPA Managed Accounts subject to a performance fee will be offered only to those BPA Clients who or which meet the current definition of a Qualified Purchaser and a qualified client, as such term is defined in Rule 205-3 under Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), as amended (each a “**Qualified Client**”, and collectively, “**Qualified Clients**”).

Each investor in a BPA Fund and each BPA Managed Account subject to a Performance Fee will be required to certify its status as a Qualified Purchaser and/or Qualified Client, as the case may be, as a condition of becoming an investor in a BPA Fund or establishing a BPA Managed Account, as applicable.

Each BPA Fund will be responsible for its own expenses, including, without limitation, its custodial fees, organizational and offering expenses, and audit costs. The specific expenses of each BPA Fund will be set forth in such BPA Fund’s offering documents. In any event, BPA will only receive its Management Fee from each BPA Fund, and no other fees or compensation. However, its affiliate is expected to receive the Carried Interest allocable by such BPA Fund. To the extent that a BPA Managed Account engages BPA to invest in publicly traded securities, such BPA Managed Account will be responsible for its own custodial fees, if any, and any brokerage compensation or related transaction charges that are assessed by its own selected custodian and/or broker-dealer, as applicable.

Certain expenses will be shared among multiple relevant BPA Clients and/or among relevant BPA Clients and BPA. In such instances, BPA will endeavor to allocate the expenses in a manner that is fair and equitable to all relevant BPA Clients. Shared expenses incurred in connection with specific investment opportunities generally will be allocated on a pro-rata basis (although in certain instances, certain BPA Clients may not be required to fund their pro rata shares) based on (i) each relevant BPA Client’s ownership of such investment, for investments that have been consummated; or (ii) the respective committed capital of each applicable BPA Client that is eligible to participate (and would have

participated, pursuant to BPA's investment allocation policy) in the investment opportunity in question, for investments that have not been consummated. Operating expenses and investment-related expenses that are not related to specific investment opportunities generally will be allocated on a pro-rata basis based on the most recent quarter-end net asset value or committed capital of each relevant BPA Client, as appropriate. To the extent a portion of a shared expense is attributable to one or more BPA Clients to whom BPA is not permitted to charge such expense, BPA will bear the portion of the expense attributable to such BPA Client(s).

For a further discussion about Performance Fees and Carried Interest, please refer to Item 6 of this Brochure entitled "*Performance-Based Fees and Side-by Side Management*." Refer also to Item 12 of this Brochure entitled "*Brokerage Practices*."

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

As discussed in Item 5 of this Brochure entitled "*Fees and Compensation*", a designated general partner affiliate of BPA is expected to receive a Carried Interest from each BPA Fund and BPA intends to receive performance-based compensation from its eligible non-affiliated BPA Managed Accounts.

Performance-based fee arrangements, including the establishment of a Carried Interest, may create an incentive for BPA to make riskier investments than would otherwise be the case in the absence of such arrangements. In addition, it may create an incentive for BPA to favor those Clients which may be subject to a higher performance fee (or with respect to its affiliate, a higher Carried Interest) over other Clients that are subject to a lower Performance Fee or Carried Interest, as the case may be, in the allocation of investment opportunities by BPA. To mitigate this conflict, all investment decisions and allocations will be made in accordance with BPA's allocation policies and procedures, and the type of BPA Client account (including those that have a specific customized approach), the availability of the subject investment, whether a loan, loan participation or security, relative size of the advised account of each BPA Client, the then cash available in each such BPA Client's account, as well as any specific investment guidelines, restrictions, limitations or prohibitions specified by the BPA Client, including any BPA Fund or Customized Account. In addition, although BPA is an affiliate of the BP Lenders, which are expected to originate many of the loans and loan participations offered to a BPA Client, a BP Lender will offer, subject to its retention of Residual Interests (as hereinafter defined) in each loan or loan participation it originates, the balance of such loan or available loan participations to BPA for purchase by those BPA Clients, some of which may be unaffiliated with the subject BP Lender or BPA.

Unaffiliated BPA Clients should be aware that the BP Lenders and their affiliates have customarily retained a portion of each loan and loan participation they originate, directly or indirectly through the equity ownership of the subject BP Lender (each, a "**Residual Interest**" and collectively "**Residual Interests**"). The value of such Residual Interests is directly related to the spread between what is paid by the underlying borrowers and the agreed upon portion thereof to be paid to the participating lenders, including BPA Clients, with respect to the portion of such loan or loan tranche in which they participated. The amount of the spread varies with each loan or loan participation, and depends upon the terms and risk parameters of the specific credit facility and the business of the subject

borrower, as well as the relative economic terms and risk parameters between the specific BP Lender and each of the participating lenders (including BPA Clients). BPA Clients are advised that BP Lenders may continue to make such Residual Interests available to AVI, one or more of its other subsidiaries, as well as to other unaffiliated lenders and, in certain circumstances, to one or more BPA Managed Clients.

BPA Clients should also be aware that the value of the Residual Interests will generally increase with the sale of more interests in the underlying loans and loan participations. BPA anticipates that in most instances, other tranches of a loan or loan participation originated by a BP Lender will be offered to both BPA Clients and unrelated third parties, which are similarly situated, on substantially the same terms and conditions. In order to address the potential conflicts that are present in each of these situations, BPA has adopted policies and procedures to ensure that each subject BPA Client consents to or otherwise approves each of these related-party transactions at or before completion of the same. See Item 10 of this Brochure entitled “*Other Financial Industry Activities and Affiliates*” for a discussion of potential conflicts of interest arising therefrom, and Item 11 of this Brochure entitled “*Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*,” which further describes how BPA will be dealing with such “principal transactions” between a BP Lender and BPA Clients.

Item 7: Types of Clients

BPA intends to provide investment advice predominately to pooled investment vehicles and to a far lesser extent, separately managed accounts as noted above in Item 4 of this Brochure entitled “*Advisory Business*”. BPA anticipates that the investors who will be offered an opportunity to participate in a BPA Fund, and for those intending to establish a BPA Managed Account, will generally consist of family offices, pension and profit sharing plans, charitable organizations, state or municipal government entities, other investment advisers, insurance companies, sovereign wealth funds and foreign official institutions, other corporations or businesses, business development companies, and business development companies that have made an election pursuant to Section 54 of the Investment Company Act. As noted above in Item 5 of this Brochure entitled “*Fees and Compensation*”, for Clients which are subject to a Performance Fee each investor in any BPA Fund will be required to meet the definition of a Qualified Purchaser and with respect to a BPA Managed Account, such Client will need to meet the definition of a Qualified Purchaser and a Qualified Client.

In addition, each underlying investor in a BPA Fund must be an “accredited investor” as defined in Regulation D under the Securities Act of 1933, as amended. Certain employees of the BPA Fund who qualify as “knowledgeable employees” under Rule 3c-5 of the Investment Company Act may be permitted to invest directly or indirectly in a BPA Fund. The offering documents of each BPA Fund will set forth the minimum amounts required for investment by prospective investors. These minimum amounts may be waived by a BPA Fund or an affiliate. Investors in BPA Funds should read the offering and organizational documents in full and consult with their advisors prior to making an investment.

As noted in Item 4 of this Brochure “*Advisory Business*”, some BPA Clients with substantial assets available for management by BPA (generally, those with more than \$200

million in assets to be managed) may establish a Customized Account with BPA comprised of customized loan portfolios, syndication agreements and credit enhancement arrangements with certain BP Lenders that will not otherwise be made available to other BPA Clients.

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

BPA concentrates its management of BPA Clients generally in credit instruments across multiple sectors, either directly or indirectly, including by acquiring interests in loans to borrowers secured by income producing assets (such as consumer or commercial receivables), or direct interests in portfolios of such income producing assets, and other debt securities (collectively, “**Credit Investments**”). Such Credit Investments may be secured by or constitute interests in: commercial loans; real or personal property; automotive loans; equipment loans; leases related to equipment, vehicles and other goods and merchandise; aircraft leasing and finance, corporate loans; receivables financing; purchase order financing; consumer loans; retail point of sale financing; asset based financing; loans secured by cash flow; working capital loans; short-term loans; merchant cash advances; small business loans; other asset based financing or other instruments or property (all of the foregoing, “**Underlying Receivables**”).

BPA intends to have its BPA Clients acquire or invest in equity or similar ownership interests in the originators (“**Originators**”) of the assets underlying the Credit Investments (“**Equity Investments**”). Equity Investments may include common stocks, preferred stocks, convertible securities, warrants, depositary receipts, ETFs, equity interests in real estate investment trusts and master limited partnerships and may ultimately evolve into certain types of derivative transactions for hedging purposes or to enhance total return.

A. Methods of Analysis, Investment Strategies and Risk of Loss.

The descriptions set forth in this Brochure of specific advisory services that we offer to BPA Clients, and investment strategies pursued, and investments made by us on behalf of our BPA Clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy, and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each BPA Client’s investment objectives, guidelines, restrictions, limitations, or prohibitions, as the case may be. The investment strategies we pursue are speculative and entail substantial risks. BPA Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any BPA Client will be achieved.

BPA’s objective generally is to present BPA Clients with specialty finance opportunities in Credit Investments that (i) are sufficiently collateralized to preserve capital, and (ii) will generate income in accordance with each BPA Client’s stated investment objectives. Given the nature and risks associated with opportunistic specialty finance lending, BPA’s first focus is on the collateral available for each investment in order protect principal, and second on obtaining an appropriate return given the term and risk associated with each specific investment.

The following is a summary of our current strategies to be employed with respect to loans and loan participations. BPA intends to provide more specifics on each as it develops and implements its investment platform for each of its BPA Clients, including each BPA Fund that it may ultimately offer to its potential clients.

B. Asset Managers/Originators

BPA generally works with one or more of its specialty finance affiliates that provide financing to Originators offering potentially attractive lending opportunities and other deal flow. We also identify and cultivate relationships with experienced Originators, that we believe have significant experience in a specific asset class and have experience and a track record originating and servicing the types of loans we expect to target for investment. Our specialty finance affiliates typically work with and perform due diligence on Originators in connection with structuring and negotiating loans with them or otherwise acquiring Credit Investments and/or Equity Investments. These Originators also generally retain responsibility for servicing any Underlying Receivables they originate through their respective life cycles. We vet and conduct due diligence on potential Originators, including reviewing their background, credit and underwriting policies, evaluating their existing loan portfolio and performance, and reviewing their business policies, among other things. Once an Originator has been vetted, we evaluate potential opportunities from that Originator that may be suitable for BPA Clients and make investment decisions on a deal-by-deal basis. In addition, in certain circumstances where BPA has in-house expertise or has partnered with an expert in a particular asset class, we may negotiate loans directly with borrowers. In such circumstances, those loans are expected to be serviced by one of our specialty finance affiliates or otherwise by an experienced third-party servicer. See Item 10 of this Brochure entitled “*Other Financial Industry Activities and Affiliates*” below for a discussion of potential conflicts of interest arising therefrom.

C. Asset-Based Lending/Investing

BPA generally looks for investment opportunities that are secured by Underlying Receivables, such as loans with a pledge of collateral and/or secured liens. BPA works with Originators which have expertise in asset valuation. Furthermore, with respect to unaffiliated Originators, and more particularly in acquiring assets on a secondary basis, BPA may request independent third party specializing in asset valuation to review the same to determine both the then current market and distressed valuations.

D. Low Market Correlation

BPA generally looks at investment offerings that provide low or relatively low correlation to the broader markets, meaning that they may be less affected by macro-economic and stock market volatility. As macro-economic conditions typically affect both the stock market as well as the asset values and viability of companies that form our underlying collateral and our borrowers, large deteriorations in such conditions may make it impossible to have low correlation to achieve such investment objective.

E. Sale of Investments

BPA does not acquire investments for its BPA Clients for the primary purpose of reselling such investments in the ordinary course of business. However, BPA may sell investments, or fractional interests in such investments, when we determine that it may be advantageous

for BPA Clients to do so, based upon then current interest rates, the length of time that the investment has been held by the Client and the Client's investment objective and strategies.

F. Material, Significant or Unusual Risks Relating to Investment Strategies

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the BPA Clients advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us.

General Risk of Loss.

In all cases, BPA Clients are advised that:

- investing in securities involves a risk of loss, including the risk that obligors on Underlying Receivables will not repay or otherwise perform their obligations in full, leading to a loss on related Credit Investments and/or Equity Investments;
- the risks of investing mean that BPA Clients may lose all or most of their investment;
- investment performance of any kind can never be guaranteed. Investments may lose value over time and no return is guaranteed;
- investments are not guaranteed or insured by the Federal Deposit Insurance Corporation, any bank, any governmental agency or any third party;
- historical performance of a BPA Fund and the Originator is not indicative of future performance and BPA Clients may lose part or all of their capital; and
- there can be no assurances that a client's desired return and risk level can, or will, be achieved.

Specific risks associated with the proposed investment strategy will be provided to prospective BPA Clients with the establishment of each BPA Managed Account and for those who or which become investors in a particular BPA Fund, in the related Offering Documents for the subject BPA Fund. All BPA Clients are urged to review this Brochure, including all disclosures of potential or actual conflicts of interest, and the risk factors in their entirety and with their tax, legal and financial advisors prior to establishing a BPA Managed Account or investing in a specific BPA Fund.

No Assurance of Investment Return

There can be no assurance that BPA will be able to generate returns for BPA Clients or that the returns will be commensurate with the risks of investing in the type of investments in which such BPA Clients participate.

Highly Competitive Market for Investment Opportunities

The activity of identifying, completing, and realizing attractive investments is highly competitive, and involves a high degree of uncertainty. There can be no assurance that BPA will be able to locate, consummate and exit investments that satisfy its rate of return objectives or realize upon their values or, if the BPA Client is set up on a draw-down basis, that it will be able to invest fully its committed capital.

Limited Liquidity

Many of BPA's recommendations are made with the assumption that a considerable amount of time will pass before the investment provides a realizable gain to any BPA Client. In certain instances, a BPA Client may be forced to sell or exit an investment earlier than BPA would recommend due to liquidity issues, a BPA Client dissolution, or other possible factors.

Illiquid and Long-Term Investments

Investments recommended by BPA may require a long-term commitment with no certainty of return. Many of the BPA Clients' investments will be highly illiquid, and there can be no assurance that a BPA Client will be able to realize on such investments in a timely manner. Although certain investments may generate current income, the return of capital and the realization of gains, if any, from an investment may (on a case-by-case basis) occur only upon the partial or complete disposition or refinancing of such investment.

Investments Longer than Term

A Client may make investments which may not be advantageously disposed of prior to the date such Client will be dissolved, either by expiration of its term or otherwise. In addition, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds will occur.

Adverse economic conditions in financial markets, and other general business risks, may affect returns on Client investments.

BPA Clients are subject to significant risks because of business, financial, market or legal uncertainties and other risks that are inherent in the business in which the applicable Originator of any Credit Investment or Equity Investment is engaged. An investment should only be considered by persons who are able to independently evaluate the merits and risks of such businesses.

Furthermore, events in the global financial markets, including those described below under "*BPA Clients may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, which may have a material adverse effect on the BPA and global financial markets*"; the failure, acquisition or government seizure of several major financial institutions; the establishment of government initiatives such as the government bailout programs for financial institutions and assistance programs designed to increase credit availability, support economic activity and facilitate renewed consumer lending; disrupted credit markets; the devaluation of currencies by foreign governments; the slowing growth in China's economy; the failure of Japan's economic policy to stimulate the Japanese economy; the rating agency downgrade of U.S. Treasury bonds and other debt instruments backed by the full faith and credit of the U.S., together with similar downgrades of United Kingdom and other European Union sovereign debt, the abandonment of the Euro by a country's involuntary or voluntary exit from the European Union, and the United Kingdom's discontinuation of its membership in the European Union, commonly known as "Brexit", could adversely affect the ability of any obligor to meet its payment obligations and the ability of an Originator to generate an adequate volume of future Underlying Receivables. There can be no assurance that the uncertainty relating to the sovereign debt of various countries or the voluntary or involuntary exit from

the European Union by United Kingdom or other European Union members will not lead to further disruption of the credit markets in the U.S. and/or deterioration in general economic conditions. Any of the foregoing could adversely affect the performance of a Credit Investment and/or Equity Investment, which would reduce amounts distributed on a BPA Client's investments.

BPA Clients may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, which may have a material adverse effect on the BPA and global financial markets.

BPA Clients may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, fires, floods, earthquakes and other natural disasters; power loss, computer systems failures and internet, telecommunications or data network failures; physical and electronic loss of data or security breaches, misappropriation and similar events; computer viruses; terrorism, intentional acts of vandalism and similar events; and public health crises, including the occurrence of a contagious disease or a pandemic (such as the recent novel strain of coronavirus, known as COVID-19). Disease outbreaks that affect local economies or the global economy may materially and adversely impact BPA Clients' investment portfolios and/or the BPA's business. These types of outbreaks have the potential to cause severe decreases in core business activities such as manufacturing, purchasing, tourism, business conferences and workplace participation, among others. These disruptions also have the potential to lead to instability in the marketplace, including market losses and overall volatility. In the face of such instability, governments may take extreme and unpredictable measures to combat the spread of disease and mitigate the resulting market disruptions and losses. In the event of a pandemic or an outbreak, there can be no assurance that BPA or our service providers will be able to maintain normal business operations for an extended period of time or will be able to retain the services of key personnel on a temporary or long-term basis due to illness or other reasons. The full impact of a pandemic or disease outbreak is unknown, which could result in a high degree of uncertainty for potentially extended periods of time. To the extent that any such event occurs and has a material effect on global financial markets or specific markets in which BPA Clients participate (or has a material effect on locations in which BPA operates) the risks of loss can be substantial and could have a material adverse effect on the performance of the BPA Clients' investments.

In addition, BPA and its affiliates use management information systems to service and administer the BPA Client investments, including monitoring of collections and servicing, administration, and maintenance of the related Underlying Receivables. Among other risks, these systems are subject to damage or interruption from the catastrophic events listed above. Furthermore, the software that BPA and/or its affiliates use in daily operations may contain undetected errors that could cause the information network to fail. Any failure of such systems due to any of these causes or other unforeseen events, if it is not supported by a disaster recovery plan, could cause an interruption in operations, and result in reduced collections.

Investments may be subject to Credit Risk.

The performance of a Credit Investment, and thus the economic return on a BPA Client's investment, is subject to credit risk. "Credit risk" refers to the likelihood that a borrower

(or underlying obligor) will default in the payment of principal and/or interest on a loan instrument. Financial strength and solvency of a borrower are the primary factors influencing credit risk. In addition, subordination, lack or inadequacy of collateral or credit enhancement for a loan instrument may affect its credit risk. Credit risk may change over the life of a loan. Credit Investments may involve the extension of credit to a borrower experiencing significant financial or business difficulties (including companies or individuals involved in bankruptcy or other reorganization and liquidation proceedings). Adverse business, financial or economic conditions that can lead to defaulted principal and interest payments and insolvency proceedings. The repayment of defaulted loan obligations is subject to significant uncertainties. Defaulted loan obligations might be repaid, if at all, only after lengthy workout or bankruptcy proceedings, during which the borrower might not make any interest or other payments.

Investments may be subject to interest rate risk.

“Interest rate risk” refers to the risk associated with market changes in interest rates. Interest rate changes may affect the value of a loan instrument indirectly (especially in the case of fixed rate loans) and directly (especially in the case of loan instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate loan instrument and falling interest rates will have a positive effect on price. Changes in interest rates will fluctuate, which could reduce the market value of Credit Investments held by a BPA Client.

Legal, Tax and Regulatory Risks

Legal, tax and regulatory changes could occur during the term of a BPA Client that may adversely affect such BPA Client. There is a material risk that regulatory agencies may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private equity industry, the consumer finance industry or the specialty lending industry, or other changes that could adversely affect private equity firms (inclusive of those with a focus on credit opportunities and special situations investing) and the funds that they sponsor, including a BPA Client.

BPA Client investments may include Credit Investments that are obligations of special-purpose entities (“SPEs”), where repayment of the related Credit Investment is limited to such SPE’s assets, and no additional collateral or credit recourse on the Credit Investment is being provided by any person.

An SPE that is a borrower on a Credit Investment generally will not have any significant assets other than the related Underlying Receivables. In such case, the BPA Client will not have credit guarantees or recourse for payment of the related Credit Investment to any person or assets, other than the SPE. Furthermore, certain assets of the SPE may be released and paid out to other persons, such as service providers, or any other person entitled to payments from the SPE prior to making payment on the Credit Investment. In such case, the BPA Client will be exposed to the credit risk of the Underlying Receivables rather than the general credit risk of the related Originator.

Investment in loans and related participation interests are subject to unique risks.

BPA Client investments will include investments in loans and related participation interests. These obligations are subject to unique risks, including, (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (ii) so-called lender-liability claims by the issuer of the obligations, (iii) environmental liabilities that may arise with respect to collateral securing the obligations, (iv) limitations on the ability to directly enforce rights with respect to participations, and (v) possible claims for the return of some or all payments in a debt made within 90 days (and in some cases, within one year) of the date that the issuer's/borrower's insolvency came under Title 11 of the United States Code (the "**Bankruptcy Code**") and under certain state laws.

Particularly with respect to participation interests, a BPA Client will have a contractual relationship only with the assigning lender, and not with the SPE, the Originator or any other person involved in the participated loan. In such event, the BPA Client will not have any rights, remedies or other recourse that may be exercised directly against the SPE, the Originator, any personal guarantor, or any obligor on a related Underlying Receivable, including any right of set-off. In addition, because the holder of a participation interest is counterparty to the assigning lender instead of the SPE, if the assigning lender becomes insolvent, such participation interest could be superseded by the senior creditors of the assigning lender. If this were to occur, a BPA Client could experience delays or losses on its investment.

In analyzing each loan or participation, BPA will compare the relative significance of the risks against the expected benefits of the investment. Any loss incurred as a result of these risks may be significant and adversely affect client performance.

Some of the Credit Investments purchased by BPA Clients will be or will become non-performing, which could significantly and adversely affect Client performance.

It is anticipated that some of the Credit Investments that BPA Clients will purchase will be or become non-performing and possibly in default. Furthermore, the obligor and/or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments with respect to the Credit Investments. By their nature, these investments will involve a high degree of risk. Such non-performing loans ("**NPLs**") may require substantial workout negotiations or restructuring that may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of the principal of the loan and/or the deferral of payments. Commercial and industrial loans in workout and/or restructuring modes and the bankruptcy or insolvency laws of non-U.S. jurisdictions are subject to additional potential liabilities, which may exceed the value of a client's original investment. For example, borrowers often resist foreclosure on collateral by asserting numerous claims, counterclaims, and defenses against the holder of loans, including lender liability claims and defenses, in an effort to delay or prevent foreclosure. Even assuming that the collateral securing each loan provides adequate security for the loans, substantial delays could be encountered in connection with the liquidation of NPLs. In the event of a default by a borrower, these restrictions as well as the ability of the borrower to file for bankruptcy protection, among other things, may impede the ability to foreclose on or sell the collateral or to obtain net liquidation proceeds sufficient to repay

all amounts due on the related loan. Under certain circumstances, payments earned from these NPLs may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. Bankruptcy laws may delay a client's ability to realize on collateral for loan positions held by such client or may adversely affect the priority of such loans through doctrines such as equitable subordination or may result in a restructure of the debt through principles such as the "cramdown" provisions of the Bankruptcy Code. Any loss incurred on these types of investments may be significant and adversely affect client performance.

Credit enhancement for a BPA Client Investment may be inadequate.

A Credit Investment that is a senior interest in a loan or other obligation may have credit enhancement provided by excess spread and/or overcollateralization. Greater than expected losses, the rapidity of collections and/or the timing of defaults on the related Underlying Receivables would have the effect of reducing, and could eliminate, the protection against loss afforded by this credit enhancement.

Some of the Credit Investments purchased by BPA Clients will be subordinate to senior holders.

A Credit Investment may represent a subordinate right to receive payments in respect of the related underlying obligation, including senior notes issued by an SPE or one or more senior participating interests in the related loan. This means that, under certain circumstances, a BPA Client may not receive any payments in respect of a BPA Client's investment until all payment obligations to the holders of the senior interests have been satisfied. Subordinate investments may or may not include a second lien on the related Underlying Receivables. If collections on the related Underlying Receivables are insufficient to pay all amounts due, a BPA Client may lose some or all of its investment.

General business risks related to Equity Investments.

Equity Investments in companies include the potential risk of an increased exposure to adverse economic factors such as an increase in interest rates, a downturn in the economy or further deterioration in the economic conditions of such company or its industry. As such, the companies subject to an investment may be unable to generate sufficient cash flow to meet its financial obligations. Accordingly, the value of such company could be significantly reduced or even eliminated due to further credit deterioration.

Some companies may require considerable future funding.

Some of our investments may include investments made in companies operating at a loss or with significant variations in profitability. These companies may need substantial additional capital to continue operations. They may be dependent, in whole or in part, on additional investment of capital. Such companies may be unable to obtain such follow-on investments. Any inability to obtain such investments (including by reason of the BPA not recommending such additional investment or any of BPA's other BPA Clients or affiliates not making any such additional investment), may have substantial adverse effects on the company in need of such capital and is likely to decrease the value of the company and the value of a BPA Client's Equity Investment in the company. Even if such follow-on investments were made, there can be no assurance that such investments will result in a favorable outcome.

Investments in foreign investments may involve significant risks in addition to the risks inherent in investments.

BPA's investment strategy may involve investments issued by foreign entities, including foreign borrowings or assets controlled by foreign entities. Investing in foreign entities may expose BPA Clients to additional risks not typically associated with investments in U.S. issuers, or in assets controlled by U.S. issuers or located in the U.S. BPA's investment strategy may also involve investments in securities of issuers in so-called "emerging markets" (or lesser developed countries, including countries that may be considered "frontier" markets). Such investments are particularly speculative and entail all of the risks of investing in foreign investments but to a heightened degree.

Participation interests are unsecured and participants have limited rights.

BPA Clients may hold participation interests or other indirect economic interests in loans or other debt assets. In such circumstances, BPA Clients will not directly own the debt assets underlying such participation interests or other economic interests and/or have custody thereof. While the originating lender's interest is secured by the assets pledged to the underlying loan from which the participation interest stems, the participation interests held by BPA Clients are not directly secured by the same assets. As such, if the originating lender becomes insolvent, then BPA Clients' participation interests could be superseded by the senior creditors of the originating lender and BPA Clients may lose some or all of their investment or payment thereon could be substantially delayed.

In addition, as an owner of participation interests or other indirect economic interests (including as a member of a loan syndicate), BPA Clients may not be able to assert any rights against borrowers of the underlying indebtedness and may need to rely on the holder/custodian (or other financial institution) issuing the participation interests or such other entity charged with the responsibility for asserting such rights, if any. Such holders/custodians and financial institutions or other entities may have reasons not to assert their rights, whether due to a limited financial interest in the outcome, other relationships with the underlying defaulting borrowers, the threat of potential counterclaims or other reasons, which may diverge from the relevant client's interests. The failure of such holders/custodians and financial institutions or other entities to assert their rights (on a client's behalf) or the insolvency of such entities could materially adversely affect the value of such client's assets.

Loan origination or purchase of participation interests may expose BPA Clients to risk of losses resulting from default and foreclosure.

Although BPA expects to cause BPA Clients to invest in Credit Investments that are directly or indirectly secured by collateral, BPA Clients may be exposed to losses resulting from default and foreclosure of any such Credit Investments in which they have invested. Therefore, the value of underlying collateral, the creditworthiness of borrowers and the priority of liens are each of significant importance in determining the value of client investments. No guarantee can be made regarding the adequacy of the protection of BPA Clients' security in the Credit Investments in which they invest. Moreover, in the event of foreclosure or default, BPA Clients may assume direct ownership of any assets collateralizing such defaulted Credit Investments where they are the lender of record. The liquidation proceeds upon the sale of such assets may not satisfy the entire outstanding

balance of principal and interest on such Credit Investments, resulting in a loss. Any costs or delays involved in the effectuation of processing foreclosures or liquidation of the assets collateralizing such Credit Investments will further reduce proceeds associated therewith and, consequently, increase possible losses. In addition, no assurances can be made that borrowers or third parties will not assert claims in connection with foreclosure proceedings or otherwise, or that such claims will not interfere with the enforcement of client rights.

BPA Client claims against a borrower may be subject to equitable subordination to other claims against the borrower.

Under the laws of certain jurisdictions, a court may use its equitable powers to subordinate the claim of a lender to some or all of the other claims against the borrower under certain circumstances. To the extent the concept of equitable subordination was to apply to an originating lender of a loan in which a client has acquired a participation interest, the client could be adversely affected.

Recharacterization of a claim under the Bankruptcy Code could adversely affect BPA Clients.

Under the Bankruptcy Code, a court may use its equitable powers to “recharacterize” the claim of a lender, i.e., notwithstanding the characterization by the lender and borrower of a loan advance as a “debt,” to find that the advance was in fact a contribution in exchange for equity. A BPA Client may be subject to claims from creditors of an obligor that debt obligations of such obligor held by the BPA Client should be recharacterized. BPA Clients could be adversely affected whether they were the lender of record, or they acquired a participation interest in a loan that was subject to recharacterization.

Furthermore, even in SPE transactions structured in order to limit the likelihood of adverse determinations in bankruptcy proceedings instituted against prior owners in the chain of title to the related Underlying Receivables, the related Originator and relevant parent entities, a party in interest (including the transferor) could assert that the transfer of such Underlying Receivables by the transferor to the SPE was not a sale, but rather should be recharacterized as the grant of a security interest in such Underlying Receivables to secure a borrowing by the transferor. If a bankruptcy court were to adopt such a position, then delays or reductions in payments on, or other losses with respect to, the related Credit Investment could result. In any such proceeding, claimants also may argue (and a court may determine) that the separateness of the SPE or another relevant entity should be disregarded and substantively consolidated with one or more parent entities. In such a case, the related Underlying Receivables may be treated as part of the bankruptcy estate or conservatorship or receivership estate of the prior owner or parent entity that is the subject of the applicable proceeding, including if conducted under the Bankruptcy Code, which would delay or reduce payments on the related Credit Investment.

If BPA Clients own debt that is junior to other secured debt, they could lose the entire value of their investment in such debt.

BPA Clients may purchase or invest in secured debt issued by companies that have or may incur additional debt that is senior to the secured debt owned by such BPA Clients. In many instances, loans made by BPA Clients may be part of a unitranche structure in which a single lien on behalf of all the lenders in the structure will be filed against the assets of

the borrower(s) if the lenders holding the different tranches of debt (including BPA Clients) will contractually agree to their respective priorities in those assets. In the event of insolvency, liquidation, dissolution, reorganization, or bankruptcy of any such company, the owners of senior secured debt (i.e., the owners of first priority liens), including in a unitranche structure through the contractual agreements between the lenders, generally will be entitled to receive proceeds from any realization of the secured collateral until they have been reimbursed. At such time, the owners of junior secured debt (including, in certain circumstances, BPA Clients) will be entitled to receive proceeds from the realization of the collateral securing such debt. There can be no assurances that the proceeds, if any, from the sale of such collateral would be sufficient to satisfy the loan obligations secured by subordinate debt instruments. To the extent that BPA Clients own secured debt that is junior to other secured debt, they may lose the value of their entire investment in such secured debt.

Changing interest rates and prepayment features may decrease the value of Credit Investments.

BPA Clients may invest in fixed interest rate Credit Investments. The value of fixed interest rate Credit Investments generally has an inverse relationship with future interest rates. Accordingly, if interest rates rise, the value of such instruments may decline. In addition, to the extent that the assets underlying specific financial instruments may be prepaid without penalty or premium, the value of such financial instruments may be negatively affected by increasing prepayments. Such prepayments tend to occur more frequently as interest rates decline.

BPA Clients may invest in special situations.

BPA may recommend that BPA Clients invest in (or lend to) companies involved in or undergoing workouts, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transformative transactions. Such investments may include debtor-in-possession financing. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security with a value less than the purchase price of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, a client may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which our BPA Clients may invest, there is a potential risk of loss by a client of its entire investment in such companies.

BPA Clients may invest in preferred stock and convertible instruments.

BPA may recommend that BPA Clients invest in preferred stocks and convertible instruments. In the case of preferred stocks, holders are often entitled to receive fixed dividends from the issuer, and their claim on the issuer's income and assets ranks before that of holders of common stock, but after that of creditors. Investments may include convertible securities and warrants. Convertible securities are generally debt or preferred stock securities that may be converted at either a stated price or a stated ratio into underlying shares of common stock. Warrants are securities that permit their owners to purchase a specific number of stock shares at a predetermined price in the future.

There are specific risks associated with preferred investments. An issuer typically may redeem its preferred securities at predetermined redemption prices. Any such redemption may negatively impact a client's performance if redemption proceeds from redeemed investments cannot be reinvested in securities paying comparable rates of return. Generally, holders of preferred investments have no or very limited voting rights with respect to the issuer. The holders may be negatively impacted if they have no input into the manner in which the issuer is conducting its business and the securities are illiquid, making it difficult for the holders to divest themselves of the securities. The dividends from a preferred investment could be non-cumulative, meaning that at any given time, the holder would only have a claim for the dividends of the immediate period, not past periods during which the issuer did not have sufficient earnings to pay dividends.

Preferred securities are typically subordinated to bonds and other debt instruments of the issuer and therefore are subject to greater credit risk than such securities, meaning that there is a risk that the investment will decline in price, or the issuer will fail to make a dividend or interest payment when due because of a degradation in its financial status. Preferred investments also are subject to interest rate risk.

A BPA Client's portfolio of Investments may become concentrated and non-diversified.

The investment portfolios of the BPA Clients may include a small number of large positions. While this portfolio concentration may enhance total returns to the BPA Clients, if any large position has a material loss, then returns to the BPA Clients may be lower than if they had invested in a well-diversified portfolio.

BPA Clients may invest in assets with no or limited performance or operating history.

BPA Clients may invest in assets with no or limited investment history or performance record upon which the BPA will be able to evaluate their likely performance. Such investments may comprise loans made to small businesses and newly formed "startup" companies. Lending to small businesses and startups presents unique risks. Small businesses and startups generally have limited borrowing and operating histories, making it more difficult to assess their creditworthiness. In addition, small businesses and startups may have fewer assets available to use as collateral, leaving the lender with little recourse in the event of default on the loan. BPA Client investments in entities with no or limited operating history are subject to all of the risks and uncertainties associated with a new business, including the risk that such entities will not achieve the returns which BPA is seeking to achieve given the term, risk, and liquidity of such investment. Consequently, BPA Client performance could be adversely affected.

Historical loss experience may not accurately predict the likelihood of delinquencies, defaults, and losses on the Underlying Receivables.

Any historical default and delinquency information provided by an Originator to BPA will be affected by several variables, including general economic conditions, the competitive environment and market interest rates, which are likely to differ in the future. There can be no assurance that the delinquency and default experience provided by an Originator (if any) will reflect actual experience with respect to the related Underlying Receivables after the applicable closing date.

BPA Clients are exposed to fraud through the investments held in their portfolio.

Investing involves the possibility of a BPA Client's investments being subject to potential losses arising from material misrepresentation or omission on the part of borrowers and obligors whose investments such client holds, either directly or indirectly through Credit Investments, CLOs, or other structured investment vehicles. Investments may also be subject to fraudulent behavior by an Originator, a joint venture partner, manager, or other service provider. Such inaccuracy or incompleteness of representations or fraudulent behavior may adversely affect the valuation of client investments and, in the case of Credit Investments, may adversely affect the ability of the relevant investment to perfect or effectuate a lien on the collateral securing the loan. The quality of client investments is subject to the accuracy of representations made by the underlying issuers. BPA will rely upon the accuracy and completeness of representations made by borrowers, obligors, Originators, other counterparties, joint venture partners, managers and other service providers and cannot guarantee that we will detect occurrences of fraud. Under certain circumstances, payments by borrowers to BPA Clients may be reclaimed if any such payment is later determined to have been a fraudulent conveyance or a preferential distribution.

BPA may rely on data about certain investments provided by Originators or obtained from third party or publicly available sources, which it may be unable to separately verify, which could expose BPA Clients to risks if such data is incorrect.

Originators and related borrowers supply a variety of information regarding asset, property and other collateral valuations, market data, their experience, personal identifying information, and other information. BPA will attempt to verify portions of this information, but as a practical matter, portions of the information may be incomplete, inaccurate, or intentionally false. Originators and related borrowers may also misrepresent their intentions for the use of loan proceeds. If a borrower supplies false, misleading, or inaccurate information, BPA Clients may lose all or a portion of their investment. With respect to certain investments, a BPA Client may not have any contractual or other relationship with any borrower that would enable such client to make any claim against such borrower for fraud or breach of any representation or warranty in relation to any false, incomplete, or misleading information supplied by such borrower in relation to the relevant underlying investment.

Our investment evaluation processes may be deficient.

Prior to deciding to make an investment, we conduct certain due diligence, financial analysis, and evaluation of the related credit risks. Although we may verify some of the information we receive during the investment vetting process, some or substantially all of such information may be false, inaccurate, or incomplete. In addition, although we have designed our investment vetting process with a view towards assessing all material risks of the related investment, our process may be deficient and may fail to take into account all material risks. If we fail to adequately evaluate the risk, a BPA Client may lose some or all of its investment.

BPA Clients may experience fluctuations in the receipt of proceeds, which could cause the amount of distributions to a BPA Client or a BPA Client's to fluctuate.

BPA expects to experience fluctuations in the timing and amount of proceeds a client (in the case of a BPA Managed Account or a BPA Fund) may receive in the form of interest and fee income and in connection with the realization of investments in loans and other instruments in which such BAP Client has invested. Such fluctuations are due to, among other things, changes in the interest rates payable on the debt instruments acquired by a BPA Client, the default rate on such debt instruments, the level of a BPA Client's expenses (including, if then applicable, the interest rates payable on a BPA Client's borrowings), variations in and the timing of the realization of investments, the degree to which a client encounters competition in the markets and general economic conditions. As a result of these factors, the amounts of distributions to BPA Clients may fluctuate substantially.

BPA Clients may experience difficulties in disposing investments due to their illiquid nature.

Each BPA Client is expected to hold a significant portion of its investments or loans until maturity or earlier redemption and investments are expected to be illiquid. Should BPA determine it to be advisable to earlier dispose of any illiquid investments, a BPA Managed Account may have difficulty doing so, and those investors in a BPA Fund will be subject to the limitations and restrictions applicable to withdrawals in such BPA Fund. Alternatively, a BPA Client may only be able to sell such investments or loans at substantial discounts to face value. In certain circumstances, a BPA client may be prohibited by contract from selling investments for defined periods of time. Depending on the type of investment or loan held by a BPA Client, such investments and loans may require a substantial period of time to liquidate. There can be no assurances that there will be a liquid market for resale of such investments or loans, and illiquidity may result from the absence of an established market for certain investments and loans as well as from legal or contractual restrictions.

Clients face risks relating to the syndication and/or transfer of Credit Investments.

A BPA Client may in certain circumstances, purchase debt assets (including, participation interests or other indirect economic interests) with the intent of syndicating and/or otherwise transferring a significant portion thereof. In such instances, such BPA Client will bear the risk of any decline in value prior to such syndication and/or other transfer. In addition, such client will also bear the risk of any inability to syndicate or otherwise transfer such assets or such amount thereof as originally intended, which could result in such client owning a greater interest therein than anticipated.

BPA Clients face risks related to Underlying Receivables generally.

Adverse Events Related to the Coronavirus Outbreak Could Have an Adverse Effect on the Performance of the Underlying Receivables

An outbreak of Coronavirus Disease 2019 ("**COVID-19**") has spread throughout the world, including to the United States. COVID-19 has been declared to be a public health emergency of international concern by the World Health Organization, and the President of the United States has made an emergency determination under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. A significant number of countries and a

vast majority of state governments have also made emergency declarations related to COVID-19 and have attempted to slow community spread of the virus by providing social distancing guidelines, including issuing orders to suspend involuntary repossession activities, issuing stay-at-home or quarantine orders and mandating the closure of certain non-essential businesses. The outbreak of COVID-19 has led, and will likely continue to lead, to disruptions in global financial markets and the economies of many nations and is resulting in adverse impacts on the economy of the United States (which include a significant increase in unemployment) and the global economy in general. The long-term impacts of social, economic, and financial disruptions caused by COVID-19 are unknown. While the U.S. Federal Reserve has implemented emergency interest rate cuts and the U.S. government and other governments have implemented other measures in response to concerns surrounding the economic effects of COVID-19, the likelihood of such measures preventing volatility in the financial markets or the occurrence of a national or global economic downturn cannot be predicted. It is likely that the United States economy is in or will enter into a recession as a result of COVID-19 and it is uncertain how long the recession could last or whether it could develop into a depression and, further, it is unclear whether or how many obligors have been and will continue to be adversely affected by the outbreak and related efforts by the government to slow the spread of COVID-19 throughout the nation and world. Additionally, there have already been significant increases in unemployment claims, and such numbers are expected to remain elevated or increase in the near future. As discussed under “Economic Climate,” these occurrences could have a negative impact on the ability of underlying obligors to make timely payments on the Underlying Receivables.

Additionally, the continued spread of COVID-19 may ultimately result in staffing problems in various industries and with businesses and third-party suppliers as portions of the workforce across the industry are unable to work effectively as a result of the COVID-19 pandemic, including because of illness, facility closures, ineffective remote work arrangements or technology failures or limitations. Consequently, the ability of the servicing agent or other transaction parties to perform their respective obligations could be diminished by regulatory action related to COVID-19 and disruptions in the economy and financial markets. Further, federal, state, or local governments could enact, and in some cases already have enacted, laws, regulations, executive orders, or other guidance that allow obligors to forgo making scheduled payments for some period of time, require modifications to the Receivables (e.g., waiving late fees or accrued interest or deferring the due date of scheduled payments) or preclude creditors from exercising certain rights. The ability of the servicing agent to perform its obligations could be diminished by disruptions in the economy and the financial markets due to COVID-19.

Furthermore, to the extent COVID-19 or an economic downturn results in increased delinquencies, losses, and defaults by obligors on the Underlying Receivables due to financial hardship or otherwise, the servicing agent may implement a range of additional actions consistent with its customary servicing practices. Any of these actions may result in temporary deferrals of scheduled payments, extend the maturity of the Underlying Receivables, increase the weighted average life of an investment and/or reduce the yield on an investment. The manner in which the servicing agent exercises its servicing discretion or changes its customary practices could have an impact on the amount and timing of collections on the Underlying Receivables, which may impact the amount and

timing of funds available to make payments on the Credit Investment. The servicing agent has recently experienced an increase in the number of requests for extensions related to COVID-19 nationwide and a significant number of such extensions have been granted in accordance with the servicing agent's customary practices. Additional extensions are expected to be granted by the servicing agent in the future. The weighted average life of an investment may be increased if the servicing agent extends, modifies, or waives the terms of the Underlying Receivables as described above, and such extension, modification or waiver extends the maturity date of such Underlying Receivables.

Because a pandemic such as COVID-19 has not occurred in recent years, the historical loss experience of an Originator and/or related servicing agent is likely to not accurately predict the performance of the Underlying Receivables pledged to secure a Credit Investment. All of the foregoing could have a negative impact on the performance of the Underlying Receivables, and, as a result, a BPA Client may experience delays in payments or losses.

Depending on the extent to which the COVID-19 pandemic adversely affects the United States economy, it may also have the effect of heightening many of the other risks described in this "*Risk Factors*" section, such as those related to the business or operations of an Originator and the ability of obligors to make timely payments on the related Underlying Receivables.

Social and economic factors may affect repayment of the Receivables.

The obligors on Underlying Receivables may be more highly susceptible to uncertainties and negative trends in the markets driven by, among other factors, general social and economic conditions in the United States and abroad. Economic factors include interest rates, unemployment levels, gasoline prices, upward adjustments in monthly mortgage payments or other debt payments, commercial real estate values, energy prices, the number of personal bankruptcies, the rate of inflation and consumer perceptions of economic conditions generally. Social factors include changes in consumer and business confidence levels and attitudes toward incurring debt and changing attitudes regarding the stigma of bankruptcy and business failure. Economic conditions may also be impacted by localized weather events and environmental disasters. These social and economic factors may affect the ability or willingness of obligors to make payments on their Underlying Receivables, and consequently, impact the credit performance of the related Credit Investment. Any increase in delinquencies or defaults with respect to the Underlying Receivables increases the likelihood that a BPA Client will experience losses.

Additionally, unstable real estate values, resets of adjustable rate mortgages to higher interest rates, political gridlock on United States federal budget matters, the downgrade of the U.S. sovereign debt credit rating below Triple-A, the recent downgrade of the United Kingdom sovereign debt credit rating below "AAA" by Standard & Poor's and the revision of outlook designation from "stable" to "negative" by Moody's, changing interest rate environments, the sovereign debt crisis in the European Union, general economic malaise in the United States, Europe and Japan, and other factors have impaired business confidence and small business profits in the United States, and may affect delinquencies and defaults on the Underlying Receivables, although the severity or duration of this effect is unknown.

Several nations have recently suffered or are currently suffering from significant economic distress. There can be no assurance as to the resolution of the economic problems in those countries, nor as to whether such problems will spread to other countries or otherwise negatively affect economies or markets. A debt default by a sovereign nation or other potential consequences of these economic problems may trigger additional crises in the global credit markets and overall economy which could have a significant adverse effect on an Originator, any related SPE and the related Credit Investment.

Originators and servicing agents are subject to ongoing risks of litigation, including individual and class actions under consumer credit, collections, employment, securities, and other laws.

Originators and servicing agents operate in an extremely litigious climate and may be named as defendants in litigation, including individual and class actions under consumer credit, collections, employment, securities, and other laws, either directly or under theories of principal agency or vicarious liability giving rise to expenses and/or a duty to return sums paid pursuant to a court order, judgment, settlement, or for any other reason.

The Underlying Receivables are subject to risks of servicing and collection.

The servicing of the Underlying Receivables requires special skill and diligence. Any failure of the servicing agent to adequately service the Receivables may result in a higher default rate and losses from such Underlying Receivables, which in turn, may impair the ability of an Originator or SPE to repay the related Credit Investment in full and cause a BPA Client to experience a loss. If the servicing agent is terminated, servicing of the Underlying Receivables is expected to be transferred to a backup servicer or other successor servicer. During and immediately following a servicing transfer, interruptions in servicing may occur and the Underlying Receivables may suffer a higher default rate and losses, which in turn, may cause a BPA Client to experience a reduced yield and could cause a BPA Client to experience a loss of some or all of its investment. In addition, any backup servicer may have limited experience in servicing assets such as the Underlying Receivables and as a result, its overall collection performance may not be as favorable as the collection performance of the initial servicing agent. Furthermore, we may have difficulty finding a suitable successor servicer. Potential successor servicers may not have the capacity to adequately perform the duties required of a successor servicer or may not be willing to perform those duties for the servicing fee currently payable under the servicing agreement.

Effect of obligor bankruptcies.

Certain of the Underlying Receivables have obligors that have in the past sought, and additional obligors of such receivables may in the future seek, protection under federal or state bankruptcy or other debtor relief laws. If the servicing agent receives notice that an obligor has filed for protection under the federal bankruptcy laws, or has become the subject of an involuntary bankruptcy petition, the servicing agent generally will terminate any automatic monthly ACH debits on the related receivable and generally will cease collection activity without bankruptcy court approval. Whether any payment will ultimately be made or received on a receivable after a bankruptcy status is declared depends on the related obligor's particular financial situation. In addition, if an obligor sought protection under federal or state bankruptcy or other insolvency laws, a court could

reduce, restructure or discharge completely such obligor's obligations to make payments due on its receivable. As a result, all or a portion of such Underling Credit Asset would be written off as uncollectible. A Credit Investment could suffer a loss if insufficient funds are available from excess spread or other sources to cover losses on related consumer receivables caused by underlying obligor bankruptcies.

Usury laws may affect the Underlying Receivables.

Certain states where Underlying Receivables are originated or serviced have usury laws in place that limit the maximum interest rate of a consumer or commercial loan. At times, these laws may effectively affect payments by preventing the recovery of certain payment amounts. Further, usury laws may be subject to change at the hands of state legislators. If Underlying Receivables were found to violate state usury laws, not only would the related Credit Investment not receive the anticipated full value of its loan investment, but BPA Clients could be subject to fines and other penalties if such BPA Client was the lender of record.

In addition, certain Credit Investments may constitute or be secured by Underlying Receivables that are or are interests in loans originated by a state-chartered bank (an "**Originating Bank**"), where the Originating Bank contracts for interest, origination fees, late fees and returned check fees based on federal law, Section 27 of the Federal Deposit Insurance Act. Section 27 allows an FDIC-insured bank such as the Originating Bank to charge interest to borrowers on a nationwide basis based on the rates allowed by the state where the bank is located. Section 27 preempts inconsistent state law limitations. However, there have been both private litigation and enforcement actions seeking to recharacterize a lending transaction, claiming that the named lender was not the true lender, and that instead another entity was the true lender. Since that other entity was not an FDIC-insured bank or a national bank that has federal interest rate preemption, then state law limitations would not be preempted. Other litigation has challenged the ability of loan assignees to rely on the preemption that applied to the lender of a loan. Any such litigation or enforcement action with respect to an Underlying Receivable against the related SPE, Originator, prior owners or subsequent transferees of the Underlying Receivables, recipients of proceeds from collections on such Underlying Receivables (including the Client), the servicing agent and certain other parties, could subject them to claims for damages, disgorgement or other penalties or remedies.

In addition to the litigation referenced above, several other lawsuits and regulatory actions have brought under scrutiny the association between high-interest loan marketers and bank lenders. It is possible that similar litigation or regulatory actions undertaken in the future by obligors or regulatory authorities may have success in challenging an Originating Bank's status as an Underlying Receivable's true lender, and in such instances, the related Originator, SPE or other prior owners of the Underlying Receivables may be recharacterized by a court or a regulatory agency to be an Underlying Receivable's lender and therefore obligated to comply with state lender licensing requirements, state usury laws, which limit the interest rates that can be charged on the Underlying Receivables, and other consumer protection requirements. Generally, SPEs and certain prior owners of Underlying Receivables that previously acquired such Underlying Receivables in a series of transactions from the Originating Bank do not hold such licenses in each relevant jurisdiction. If an Originator, SPE or any other prior unlicensed owners of such Underlying

Receivables were recharacterized as the lender of the Receivables, such a recharacterization could render such Underlying Receivables void or voidable, unenforceable, or subject to rescission or reduction of the interest or principal (previously paid since origination or to be paid) in whole or in part or subject to damages or penalties. In addition, such entity could be subject to claims and/or defenses by an obligor, or a group of similarly situated obligors, or claims for damages, disgorgement, or enforcement actions by regulatory authorities.

Information supplied by obligors on Underlying Receivables may be incomplete, inaccurate, or intentionally false.

Obligors, in connection with applying for the Underlying Receivables, supply a variety of personal financial information. Information provided by the obligors may be incomplete, inaccurate, or intentionally false. Although some information may be verified, no assurance can be made that such verification process is adequate to detect instances of fraud. If an applicant supplied false, misleading, or inaccurate information, repayments on the corresponding Underlying Receivable may be lower, in some cases significantly lower, than expected, and BPA Clients may suffer a loss as a result.

Obligors may have competing indebtedness that could reduce or restrict their ability or willingness to repay their Underlying Receivable.

The obligor of an Underlying Receivable is likely to have preexisting indebtedness and may choose to make payments to its creditors, rather than satisfy its financial obligations on such Underlying Receivable. To the extent that the obligor's other indebtedness is secured, such as mortgage, home equity or auto loans, full repayment of such Underlying Receivable may be impaired, as the obligor is likely to pay its secured creditors before repaying the unsecured Underlying Receivable in an effort to avoid repossession or foreclosure.

There are risks in the combination or "layering" of multiple risk factors.

Although the various risks discussed above are generally described separately, prospective BPA Clients should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to a BPA Client may be significantly increased.

Item 9: Disciplinary Information

BPA and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Item 10: Other Financial Industry Activities and Affiliations

BPA and certain of its management persons, including Angela L. Kay, BPA's President and Eric J. Schneider, BPA's CEO and CIO, are also executive officers of BasePoint Capital, the entity that employs, and provides benefits for, the vast majority of the officers, directors, and other shared personnel of BasePoint Capital affiliates, including BPA. As discussed above, BasePoint Capital is a commercial service provider which organizes separate segregated lending subsidiaries as BP Lenders, typically formed as limited liability companies or as a statutory series of a Delaware statutory trust, which ultimately

extend commercial loans to various commercial borrowers as an originator, together with certain participating lenders, under non-recourse loan participation agreements. These commercial loans are secured by the assets of the ultimate borrowers typically in the form of a master loan and security agreement. The related funding obligations of each of these BP Lenders are met using equity capital, retained earnings and the sale proceeds of limited recourse loan participation interests syndicated to third parties by the BP Lender. These participation interests are not offered to the public as an investment vehicle, rather they are made available on a confidential basis only to sophisticated banks, insurance companies, funds and other institutions, family offices and high net worth individuals. BPA is now making these opportunities available to prospective BPA Clients.

As previously noted in Item 4 of this Brochure under “*Advisory Business*”, BPA affiliates will also serve as general partners of BPA Funds. This includes BTS GP-I LLC (“**BTS GP**”) which is managed and controlled by Mr. Schneider. Additionally, seventy-five percent of BPA’s future investment management profits (if any) will be directed to a BPA-employee profits interest vehicle controlled by Mr. Schneider. Mr. Schneider is also a limited partner of a BPA Fund Client.

As a result of their respective roles, both Mr. Schneider and/or Ms. Kay are in positions where they have potential conflicts of interest arising from sourcing loans and loan participations from BP Lenders. In addition, Mr. Schneider, through his management and control of each General Partner for each BPA Fund, and his economic interest in a management profits vehicle (i.e., FPMLP, as described in Item 4 of this Brochure under “*Advisory Business*”) which may receive seventy-five percent (75%) of BPA’s future investment management profits, places him (as well as BPA and the General Partner), with a different set of incentives than that of the underlying BPA Clients, as there is the potential for each to receive more compensation from investments in loans and loan participations that may pay greater interest, but have more risk than other loans and loan participations that may be otherwise available.

In addition, in at least one instance, Mr. Schneider has a personal stake as a limited partner in one of the BPA Funds.

Mr. Schneider and Ms. Kay will do their best, on behalf of BPA, to allocate loan and loan participation opportunities made available to BPA fairly to BPA Clients. To the extent that a specific BP Lender has a loan or loan participation opportunity that may be available to a BPA Client, BPA has set up protocols to further deal with conflicts that arise from these specific transactions, some of which are covered below and in Item 11 of this Brochure entitled “*Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*.”

BPA Clients should be aware that each BP Lender may earn an origination fee from each borrower in connection with each loan and a separate administration/service fee from each participating lender, which may be used by the BP Lender, in its discretion, to pay an affiliate and/or a third-party provider, to provide servicing of the subject loan from the borrower and ongoing remittance of the applicable loan principal and/or interest payments to participating lenders, including a BPA Client. A BP Lender may retain its origination fee and the spread between what is paid by the borrower and the agreed-upon interest rate to be paid to the other lenders or loan participants (i.e., the Residual Interest), including

BPA Clients, on a *pari passu* basis with that of the other lenders or loan participants in the related tranche of a loan, which ultimately could reduce the return to each BPA Client. The amount of this spread (or Residual Interest) varies on each lending transaction and is negotiated by the management of the BP Lender with each participating lender, the applicable portion of which will be disclosed to each BPA Managed Account (or the independent representative appointed for such purpose), prior to the time of such BPA Client's investment, and will be disclosed in reports issued by each BPA Fund to its constituent investors. In certain circumstances, other BPA Clients may enter into a customized Client arrangement with BPA which could involve other customized loan portfolios, syndication and credit enhancement features which will not be available to all BPA Clients.

BPA's affiliates currently engage, and will continue to engage, in a broad range of financing activities, including, without limitation, providing financing and other services to companies operating in the market for consumer lending and commercial lending. BasePoint Capital or another affiliate is appointed as the "Representative" (see Item 15 of this Brochure entitled "*Custody*," for a further description of the same) for each BP Lender, and currently acts (and will in future act) as the Representative for other affiliated lending entities established to provide credit to such companies (which may include the subject borrower and competitors of the borrower). In the ordinary course of conducting such lending activities, the interests of BasePoint Capital, the subject BP Lender, and other affiliates thereof, may conflict with the interests of a loan participant, including a BPA Client which has an interest in a loan or loan participation.

For example, the BP Lender or another affiliate, may extend credit or have other business relationships with (or interests in) the subject borrower or the borrower's affiliates and the related loan or loan participation. As noted above, a BP Lender or other affiliate of BPA, may hold equity in the subject borrower or its affiliates, or may hold an earnout right or other contingent interest in the related Underlying Receivables. Similarly, a BP Lender or other affiliate BasePoint Entity may have a senior or subordinated interest in the same loan, in a mezzanine or subordinate loan extended to the subject borrower as part of the overall financing transaction, or in any other debt or equity instrument representing an economic interest in the Underlying Receivables related to the loan or loan participation interest. These other interests held by affiliates of BPA may conflict with a BPA Client's interests with respect to the BP Lender originated loan or loan participation interest. To the extent that the interests of the BP Lender or its affiliates, and the interests of a BPA Client in the subject loan or loan participation interest diverge, the decisions taken by the BP Lender or an affiliate may be viewed as more favorable to the interests held by such BP Lender or its affiliate, and less favorable to the interests of the BPA Client loan participant.

BPA Clients need to be aware that each BP Lender generally has the sole and exclusive authority to administer or contract for the administration of the subject loan in accordance with any applicable standard set forth in the loan participation interest (which may be subject to consent or consultation rights of certain participants, including other BPA Clients. These discretionary decisions by the subject BP Lender could adversely affect the value of the BPA Client's loan participation interests and may differ from those that may have been taken by the BPA Client if it had such rights to consent to the same. For

example, questions may arise as to whether payment obligations and covenants should be enforced, modified, or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce or defend claims which give rise to reimbursable expenses, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, raise conflicts of interest. While BPA believes that the appointed Representative, on behalf of the subject BP Lender, and other affiliates of the BP Lender which may have stake therein, will deal with all conflicts of interest using its and their best business judgment, BPA Clients are advised that these decisions rest in their sole discretion.

Furthermore, the interests of each BP Lender may not always be aligned with the interests of all loan participants, including those of a BPA Client, and may cause or lead to potential conflicts of interest. For example, the subject BP Lender is authorized to determine, in its sole discretion, whether to advance additional funds in a renewal financing to the borrower. If that occurs and the BPA Client, which is an existing participant in the subject loan, does not purchase an additional participation interest in such renewal financing, then the payments due to such BPA Client under its existing participation interest could be reduced, in which case the length of time to earn the full expected return of the BPA Client's capital may be extended.

BPA Clients should be further aware that the subject BP Lender may grant one or more participants in the subject loan (which may include both non-BPA clients and BPA Clients) specified consultation, consent and control rights that prohibit the subject BP Lender from waiving certain defaults and events of default and their consequences unless such participant agrees. Such rights may also contractually require that the BP Lender exercise the rights, remedies and powers provided for under the subject loan and related transaction documents if an event of default has occurred and is continuing. The exercise of these rights by other participants may conflict with a BPA Client's interests in the subject loan, and a BPA Client may find that courses of action determined by a controlling participant do not reflect a BPA Client's interests, but that such BPA Client is nonetheless bound by the decisions of such other participant. For example, any such decision to exercise foreclosure and sale rights on the collateral could result in a shortfall in amounts available to repay the loan in full, which could result in a loss of the BPA Client's capital. No assurance can be given that the interests of any participant holding such consent and control rights will align with your interests as a BPA Client.

To address these inherent conflicts of interest, as discussed above and in Item 11 of this Brochure below entitled "*Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*", BPA Clients which may participate in one of these BP Lender originated loans, are given the right to consent or withhold approval to participate in each of these BP Lender originated loans prior to making an investment therein. BP Lenders generally retain responsibility for servicing any loans they originate through their respective life cycles, including decisions by such BP Lender as to whether payment obligations and covenants should be enforced, modified, or waived, or if debt should be refinanced. Accordingly, BPA Clients are advised that in granting such consent to participate/invest in one or more of such BP Lender originated loans, such BPA Clients are also consenting to any one or more future discretionary decisions by BP Lenders involving

the administration or contract for administration of the subject loan, Any one or more of such decisions could be adverse to the interests of a BPA Client.

Prospective BPA Clients should also be aware that Mr. Schneider, in addition to his roles with BPA, BasePoint Capital, BTS GP and an employee profits vehicle (*i.e.*, FPMLP) which may receive seventy-five percent (75%) of future BPA investment management profits (if any), is also a limited partner of a BPA Fund Client, and is a member of the Board of Directors, Chief Investment Officer, Chairman of the Investment Committee of AVI, the ultimate parent of BPA. While Mr. Schneider is directly involved in certain of the investment decisions on behalf of AVI and its subsidiaries, he does not have the unilateral authority on behalf of AVI, to cause AVI or any of its other subsidiaries to acquire, hold or sell any of the Residual Interests that may be available from a BPA Lender. In addition, to her executive officer and management position with BPA, Ms. Kay is the Head of Capital Markets for BasePoint Capital where she oversees business development, capital formation and institutional financing and counterparty relationships with respect to the BP Lenders.

For those that may establish a BPA Managed Account, BPA will advise each such BPA Managed Account of the material terms of each proposed acquisition or participation in a loan originated by one or more affiliates of BPA, before completion of the proposed transaction, and obtain such BPA Client's consent to the same. In the context of a BPA Fund, BPA will likewise secure consent of each investor at the inception of the subject BPA Fund with requisite disclosure provided to them of the material terms of the proposed transaction, generally as an Exhibit to the subject BPA Fund's private placement memorandum or other offering documents or related agreements, identifying each proposed transaction to be acquired by the subject BPA Fund and including an appropriate acknowledgment of the same in the subject investor's subscription agreement or other related agreements. With respect to subsequent transactions, the BPA Fund will: (i) disclose the same to each investor before a transaction is consummated and obtain its consent, as would be in the case of the BPA Managed Account as described above; (ii) designate one or more individuals or an independent entity, whom or which are unaffiliated with any of the BasePoint Capital or AVI related entities, to serve as the independent representative of the subject BPA Fund investors, who or which, in turn, will review each proposed transaction and approve the same on behalf of the BPA Fund investors; (iii) provide for the BPA Fund investors to select one of their own, or a committee of their own, to review and approve each transaction; or (iv) establish side pockets in each Fund where only investors who consent to each transaction will be able to participate in the subject transaction.

Also, *see* Item 11 of this Brochure entitled "*Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*" below, which further describes how BPA will be dealing with the foregoing conflicts which may be considered "principal transactions" between a BP Lender and BPA Clients under the Advisers Act.

Additionally, BPA utilizes a valuation policy designed to ensure that BPA Client investments are fairly valued pursuant to a standardized, consistent, and verifiable methodology. To that end, BPA has established a valuation committee (the "**Valuation Committee**") whose purpose is to ensure that all transactions are priced appropriately and

to consult with the independent third-party valuation firm engaged by BPA. BPA's Valuation Committee is comprised of BPA's executive officers and an internal accounting representative. The BPA Valuation Committee meets quarterly.

Moreover, BasePoint Capital's Credit, Accounting, and Operations Teams collect pricing data for loan interests held by BPA Clients. BPA then provides this data to the independent third-party valuation firm it engages for pricing of all BPA Client assets. For BP Lender originated loans, BasePoint Capital and BPA rely wholly on the third-party valuation firm's independent pricing.

Potential BPA Clients are advised that other affiliates of BPA may provide specific administrative support services to BPA Clients, including servicing of any of the loans and loan participations and other assets that a BPA Client may enter into or otherwise hold for investment purposes.

As discussed above, these material relationships and associations that Mr. Schneider and Ms. Kay maintain with BPA and its affiliates create potential conflicts of interests as Mr. Schneider and/or Ms. Kay may take actions, give advice and/or have interests as part of these other relationships or associations which may differ from, conflict with or be adverse to advice and actions given and/or taken for BPA Clients. These actions, advice or interests could adversely impact investments held by or potentially considered for investment by, one or more BPA Clients. As executive officers and managers of BPA, Mr. Schneider and Ms. Kay are each accountable to BPA Clients as fiduciaries and, consequently, must exercise good faith and integrity in managing BPA Client investments and in resolving questions involving potential and actual conflicts of interest. Each will therefore endeavor to fulfill his and her responsibilities to BPA Clients in a manner fully consistent with his and her respective fiduciary obligations. As also indicated above, BPA will establish policies and procedures to monitor and resolve conflicts in a manner it deems fair and equitable.

As noted throughout this Brochure, investment opportunities of BPA Clients may be appropriate for multiple BPA Clients at the same, different, or overlapping levels, and in other times, those BPA Clients with a Customized Account with BPA may request customized loan portfolios, syndication agreements and credit enhancement arrangements which will differ in material respects from those offered to other BPA Clients and/or other lenders, and are not made available to all other BPA Clients. Conflicts may arise in determining the terms of each such investment, particularly where certain BPA Clients are intended to invest in the same loans and/or other investments. As noted above, the BP Lenders generally retain responsibility for servicing any loans they originate through their respective life cycles, including decisions by such BP Lender as to whether payment obligations and covenants should be enforced, modified, or waived, or if debt should be refinanced. Questions may arise during the life cycle of a loan as to whether payment obligations and covenants should be enforced, modified, or waived related to a specific loan or loan participation then held by multiple BPA Clients, or whether debt should be refinanced or restructured with respect to the commonly held loan or loan participation. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly with respect to BPA Clients that hold the same loans or loan participations. BPA's management will

endeavor to act in the best interests of its BPA Clients when faced with these conflict situations, and, as noted above, if such loan participation agreements are with a BP Lender, are subject to the prior consent of each such BPA Client at the time of making such investment. BPA Clients are therefore advised that in granting such consent, such BPA Clients are also consenting to any one or more future decisions involving the administration and/or management of a particular BP Lender loan. To address each of these potential conflicts, BPA has protocols in place to address the same on what it believes to be a fair and equitable basis.

Neither BPA nor any of its management persons is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or as an associated person of any of the foregoing entities.

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

BPA will adopt a written code of ethics that is applicable to all of its covered persons. Among other things, the code requires BPA and its employees to act in clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on certain types of personal securities transactions. BPA's restrictions on personal securities trading apply to employees, as well as employees' family members living in the same household. A copy of BPA's code of ethics will be available upon request by contacting BPA's Chief Compliance Officer at 212-634-9900.

Under certain circumstances an employee might invest in a security that is not considered suitable for a BPA Client because of size, liquidity, or other factors. A change in these factors could result in the security becoming more suitable for Clients, but the Chief Compliance Officer might not allow the security to be purchased for Client accounts to avoid even the appearance of employees trading ahead of Clients. In BPA's experience, it is rare for an employee's personal trading to limit Clients' investment opportunities, but such a situation may arise from time to time.

Section 206(3) of the Advisers Act places restrictions on the ability of an investment adviser to engage in principal transactions with its advisory clients. The primary purpose for this restriction is to prevent an adviser (such as BPA) from transferring unwanted investments to a client account. A principal transaction occurs when an investment adviser, acting for its own account (or the account of an affiliate) sells an investment to, or buys an investment from, a client account. For instance, a principal transaction will arise when a BP Lender, which is an affiliate of BPA, sells a proprietary position it has in a loan or loan participation directly to a BPA Client, or when an affiliate of BPA has an equity interest in a subject borrower which is the subject of a loan or loan participation that is made available to BPA Clients.

This provision of the Advisers Act requires an investment adviser to, among other things, provide written disclosure to a client and obtain the client's consent prior to settlement of any principal transaction. As discussed in Item 10 of this Brochure entitled "*Other Financial Industry Activities and Affiliations*" and below, BPA has a robust system in place to address these conflicts of interest, including providing for obtaining the consent of a

BPA Client, or, in certain circumstances, the investors in a BPA Fund prior to completion of any such transaction. Accordingly, BPA Clients are advised that in granting such consent to participate/invest in one or more such BP Lender originated loans, such BPA Clients are also consenting to any one or more future discretionary decisions by BP Lenders involving the administration or contract for administration of the subject loan, including decisions as to whether payment obligations and covenants should be enforced, modified, or waived, or if debt should be refinanced. Any one or more of such decisions could be adverse to the interests of a BPA Client.

As discussed in Item 6 of this Brochure entitled “*Performance Based Fees and Side-by-Side Management*” above, although one or more of the BP Lenders, which are affiliates of BPA, are expected to originate many of the loans that may be offered to BPA as an investment option for BPA Clients, the applicable BP Lender or an affiliate may retain the Residual Interest for itself, AVI, its ultimate parent, or other subsidiaries thereof or offer it for sale to others. The non-Residual Interests in loans and loan participations which are offered by a BP Lender are expected to be made available to both unrelated third-party participants who or which are not affiliates of AVI or the BP Lender, and generally to similarly situated BPA Clients on substantially the same terms and conditions, except if a loan participation is customized for a particular BPA Client with a Customized Account with BPA. Except for customized loan portfolios, syndication and credit enhancement arrangements established for Customized Accounts, it is BPA’s policy to ensure that there is at least one unaffiliated third-party participant in any of the loans and loan participations that a BP Lender makes available to BPA Clients. Accordingly, except for Residual Interests, which may be offered to AVI or its other subsidiaries or third parties, and customized loan portfolios, syndication and credit enhancement arrangements made with BPA Customized Accounts as discussed above, every other similarly situated BPA Client generally will be afforded substantially the same terms and conditions as will be offered to third-party, unrelated participants in such financings. Notwithstanding these conflicts of interest, BPA believes that it will be able to treat fairly each of its BPA Clients that may be involved in such principal transactions involving a BP Lender.

In addition to these protocols, if BPA’s management (*i.e.*, its President, Chief Executive Officer and Chief Investment Officer), believes that a particular principal transaction may be appropriate for one or more BPA Clients, they must first determine that such transaction(s) is/are in the best interests of each of the respective proposed BPA Clients, and otherwise approve each such transaction prior to its execution. Any principal transaction must be executed at the then fair value and be otherwise consistent with each BPA Client’s stated investment objectives, guidelines, limitations and restrictions, and investment requirements. Except for customized loan portfolios, syndication and credit enhancement arrangements made available to a specific Customized Account, the balance of the subject loan or loan participations of the specific BP Lender will be generally offered on substantially the same terms and conditions to any other BPA Client as the BP Lender may offer to any other similarly situated third-party lender or loan participant.

As discussed in Item 10 of this Brochure “*Other Financial Industry Activities and Affiliations*” above, conflicts arise in connection with how to proceed in those situations where there has been a default or breach by an underlying borrower with respect to a loan or loan participation held by multiple BPA Clients, including whether specific payment

obligations and covenants should be enforced, modified, or waived, or whether debt should be refinanced or restructured. This issue is exacerbated when decisions have to be made to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring. BPA's management has protocols in place to address the potential conflicts which arise in these circumstances on what it believes to be a fair and equitable basis.

To the extent BPA provides non-discretionary or limited discretionary advice or recommendations to a particular BPA Client, BPA will provide such advice or recommendations to such non-discretionary BPA Client consistent with both the BPA Client's own stated investment objectives, guidelines, and restrictions, as applicable, and BPA's own internal policies and controls with respect to allocating investment opportunities to all of its BPA Clients, including these non-discretionary or limited discretionary BPA Clients, on a fair and consistent basis. Given the nature of BPA simply providing advice or recommendations to such non-discretionary BPA Clients and the need for consent to such recommendation from such Clients, such Clients need to be aware that they may not be able to participate in the same opportunities as that of the discretionary BPA Clients, which BPA can effect right away. In addition, in these circumstances, since BPA will not have the actual authority to effect the movement of funds or securities held by a BPA Client with such Client's own independent custodian, such BPA Client should not expect to receive a separate account statement from BPA, but rather will have to rely upon its own internal records and those provided by their own appointed custodians.

Please also see Item 6 of this Brochure entitled "*Performance Based Fees and Side-by-Side Management*" above for a description of other potential conflicts of interest, including those which arise from BPA's receipt of Performance Fees for BPA Managed Accounts, and its affiliates' expected receipt of Carried Interest from BPA Funds.

Item 12: Brokerage Practices

Given BPA's focus on private credit and specialty finance assets, BPA does not typically invest in publicly traded securities and transact through broker-dealers. BPA seeks to acquire interests in assets for the BPA Clients through originators and service partners. When a third-party originator or servicer is used, BPA will seek to obtain the best price and transaction costs among other qualitative factors. Where an affiliated originator or servicer is used, BPA will seek to pay fair market value for such services.

It should also be noted that in connection with each BPA Client, BPA shall not be obligated to present any particular investment opportunity to any particular BPA Client, even if such opportunity is of a character which, if presented to a particular BPA Client could be taken by such BPA Client, and BPA shall have the right, consistent with its fiduciary duty and its internal trade allocation policy, to take for the account of any of its Clients, any such particular investment opportunity. BPA may give advice to and take action in connection with providing services to other Clients or their own accounts that differs from advice given, or in the timing and nature of action taken, with respect to one or more BPA Clients, even though one or more BPA Clients may be similarly situated. Notwithstanding the foregoing, prior to taking any investment opportunities for themselves, BPA shall, in good faith, seek to allocate appropriate investment opportunities among BPA Clients in an equitable manner, taking into account such factors as, but not limited to, whether the BPA

Client has a Customized Account, the relative amounts of capital available for new investments by each BPA Client, the applicable investment programs and portfolio positions of the relevant BPA Clients and such other factors as BPA may deem appropriate and reasonable from time to time.

BPA does not engage in directed brokerage unless a BPA Client has directed us to use a particular broker-dealer, which will preclude BPA from seeking best execution as it will not be able to shop the transaction with other potential broker-dealers. In addition, given its limited focus on specialty finance, BPA does not expect to engage in any soft dollar arrangements.

Item 13: Review of Accounts

The investments made by Clients are generally private, illiquid, and long-term in nature. BPA expects to perform periodic reviews of each BPA Fund and BPA Managed Account investments, on no-less than on a monthly basis. Where payments are due on an underlying BPA Fund or BPA Managed Account investment, such as principal and interest payments by a borrower in loan or loan participation held by a BPA Client, BPA will seek to review the weekly and/or monthly remittance/loan activity reports provided by the Administrator and/or Representative as part of its account review process. Reviews are conducted by BPA's President and/or Chief Investment Officer.

BPA has established a portfolio review committee (the "**Portfolio Review Committee**"), which is comprised of BPA's executive officers, which meets bi-weekly and consults directly with BasePoint Capital teams, including those which deal with data, analytics, credit, and operations.

Additionally, as discussed above under Item 10, entitled "Other Financial Industry Activities and Affiliations," BPA's Valuation Committee has been established to review, on a quarterly basis, all transactions that were effected during the preceding quarter to ensure that they were priced appropriately.

BPA Fund Investors and BPA Managed Accounts should expect to receive quarterly and annual account statements. In addition, it is anticipated that each BPA Fund will be audited annually by an independent public accounting firm which is registered with, and subject to, inspection by the Public Company Accounting Oversight Board ("**PCAOB**"). It is anticipated that such annual audited financial statements will be distributed to each BPA Fund's investors within 120 days following the fiscal year end of such BPA Fund.

Additional reviews of BPA Client accounts, investments, loans, and loan participations held therein, may be triggered by a particular borrower's default of making any interest or principal payment when due following the passing of any applicable grace period, or pattern of late paying, or any suspicious or unusual or special circumstances with respect to any other asset or investment held in such BPA Client's account.

Item 14: Client Referrals and Other Compensation

BPA does not directly or indirectly receive any compensation from anyone other than its BPA Clients for providing investment advice or other advisory services to BPA Clients.

Neither BPA nor any related person directly or indirectly compensates any person who is not one of its supervised persons for referrals of any BPA Clients or investors in any BPA Fund.

Item 15: Custody

BPA does not directly take custody of client funds or securities. All BPA Client accounts will be maintained at custodians, such as banks or broker-dealers which meet the definition of a “qualified custodian” (each a “**Qualified Custodian**”) under Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”) and which are generally chosen by BPA or, in the case of loans or loan participations originated by a specific BP Lender, by the “Administrator” (as hereinafter defined) of the subject loan or loan participation (as discussed below).

As discussed above, BPA intends to acquire for its BPA Clients interests in loans and loan participations which are originated by a discrete transaction-specific BP Lender, generally, in the form of a statutory series of a legal trust, or a separate legal entity, such as a limited liability company.

Each BP Lender is generally limited to one particular loan with a single borrower (although it could involve an affiliate thereof as well). Each such arrangement is hereinafter referred to as a “**Loan Syndicate**.” An affiliate of BPA is duly appointed as the representative (the “**Representative**”) of the specific BP Lender under the terms of each credit agreement, which represents the specific loan arrangement with the subject borrower. The participants in each Loan Syndicate (the “**Loan Syndicate Participants**”) generally include affiliates of the BP Lender, including the specific BP Lender organized for the specific purpose of making such loan to the borrower, other affiliates, BPA Clients, and other bank and non-bank lenders.

Each BP Lender is authorized, pursuant to its constitutive documents, the related credit agreement or participation agreement, as the case may be, to function as or appoint a representative (which may be a third-party or an affiliate of BPA, the “**Representative**”) to act on behalf of the Loan Syndicate Participants. The Representative will appoint a third-party as the administrative agent (the “**Administrator**”) of the Loan Syndicate Participants, to follow the instructions of the Representative in accordance with the specific guidelines or formulas regarding the movement of cash to and from the applicable lender(s) or loan syndicate participants, and the borrower, as applicable, under the terms of the particular Loan Syndicate (*e.g.*, the collection of loan proceeds from lender(s) or loan participants, as applicable, and their disbursement to the borrower, as well as the use and distribution of payments received from the borrower to the lender(s) and Loan Syndicate Participants). Accordingly, the Representative and the Administrator each applies the specific terms of each credit agreement and assignment or participation therein for the specific Loan Syndicate Participant and neither has authority to determine how the cash is used, allocated or disbursed. Once the Representative delivers these instructions to the third-party Administrator, the Representative (which is a BPA affiliate) will effectively relinquish to the Administrator, authority for movement over monies in the Segregated Loan Account. To the extent situations arise necessitating a change to these instructions, the Administrator’s policies for change involving flow of funds will be triggered, and once

such replacement instructions are duly adopted, the Representative will thereafter again relinquish authority for movement over monies in the Segregated Loan Account. It is important for BPA Clients to be aware that given the nature of the commercial lending business, changes and decisions may need to be made to a particular loan with a borrower, and sometimes Loan Syndicate Participants may be substituted. These rights are retained by, or conferred to, the Representative, on behalf of the Loan Syndicate Participants in the related credit agreement or participation agreement, as applicable.

As to each credit facility, the Representative directs the Administrator to establish a single segregated bank account for the specific Loan Syndicate with an independent major U.S. bank that meets the definition of a Qualified Custodian (each a “**Segregated Loan Account**”). As noted above, an independent Administrator administers each Segregated Loan Account. As described above, this arrangement facilitates the movement of cash to and from the lender(s) or loan participants, as applicable, and the borrower, for the subject Loan Syndicate. To be clear, the funds related to the subject Loan Syndicate are not held in separate accounts or sub-accounts for each Loan Syndicate Participant, or under the Loan Syndicate Participant’s name. Rather, they are commingled in a specific Segregated Loan Account, but each Segregated Loan Account is limited to its specific Loan Syndicate. While the Administrator will not send a complete account statement of the Segregated Loan Account to each BPA Client, BPA will make arrangements with the Representative to direct the Administrator to send each BPA Client which is a Loan Syndicate Participant, the status of its then specific interest in the subject Loan Syndicate and the portion and composition of cash paid and received (including, the ratable share of collections from the subject borrower).

Under the Custody Rule, an adviser is deemed to have “custody” of client assets if it (or an affiliate in connection with the adviser’s advisory services) holds, directly or indirectly, or has the authority to obtain possession of, client funds or securities. Although none of BPA, any BP Lender, the Representative or any other affiliate of the foregoing, nor any of their employees (collectively, the “**Related Parties**”) is a signatory on any of the Segregated Loan Accounts, and cannot, on its own, access the funds in the Segregated Loan Accounts, the Representative does retain the right under each loan credit agreement to remove the Administrator, revoke or restrict its authority to act on behalf of the specific Segregated Loan Account, and otherwise gain access to the Segregated Loan Account. In addition, although none of the Related Parties has any authority to determine how the cash is used, allocated or disbursed, the Representative could cause the withdrawal or disbursement of cash held in any Segregated Loan Account for reasons unrelated to the specific Loan Syndicate, although such action is contractually prohibited under the relevant agreement governing the authorized activities of the Representative.

All BPA Clients can expect to receive account statements quarterly which will reflect BPA Client assets managed by BPA, including all transactions effected in such account, as well as all deposits and withdrawals made during the period covered by their statement, directly from the custodian mutually agreed upon by the BPA Client and BPA. To the extent that a BPA Client holds an interest in a then outstanding loan or loan participation for which BPA is advising such Client, the Administrator will be instructed by the Representative to send periodic statements directly to such BPA Client or to BPA on a weekly and/or monthly basis following each remittance to BPA Client indicating the then status of such BPA

Client's interest in each then outstanding loan, the pro-rata share of collections from the underlying loan, if any. All BPA Managed Accounts which have granted discretionary authority to BPA to manage their accounts can expect to receive account statements directly from BPA on no less than a quarterly basis. Investors in a BPA Fund can expect to receive periodic statements from BPA, on behalf of the BPA Fund, and audited financial statements within 120 days of the end of such BPA Fund's fiscal year.

When a BPA Managed Account receives an account statement from BPA, such Client is encouraged to compare it to the account statements that it receives from its own custodian and from the Administrator. These statements should be consistent with each other, although the BPA Client would have to aggregate all of the Administrator statements for each loan and loan participation in which it has an interest to have a complete reconciliation.

Further, as discussed above and below, under the Custody Rule BPA is also deemed to have custody of the assets of the BPA Funds for which its affiliate(s) may serve as the general partner(s) or managing member(s) thereof, as applicable, and BPA may have the authority under its investment management agreement with the subject BPA Client and any corollary authority established with the custodian for the BPA Client, to disburse its management and/or performance fee(s) from the account of such BPA Client to that of BPA.

Nevertheless, in all instances, BPA must comply with the fundamental principles of the Custody Rule. In particular, Rule 206(4) -2 (a)(1) under the Advisers Act provides that client funds and securities must be maintained with a Qualified Custodian in a separate account for each client under the client's name or in accounts that contain only the adviser's clients' funds and securities, under the adviser's name as agent or trustee for the clients. As noted above, each Segregated Loan Account will be maintained with a Qualified Custodian and will be opened in the name of the specific BP Lender. BPA Clients are advised that the assets held in each specific Segregated Loan Account, include not only those of the specific BPA Clients as Syndicate Loan Participants, but also those of the BP Lender and, in some cases, those of other affiliates of BPA (and of BasePoint Capital), and other Syndicate Loan Participants which are not BPA Clients. BPA has adopted certain stringent protocols to protect the assets of its BPA Clients with respect to these commingled assets held in each Segregated Loan Account.

In addition, Rule 206(4)-2 (a)(3) under the Advisers Act provides that an adviser (or a Related Party (i.e., the Representative) which has custody, or is deemed to have custody under the Custody Rule, of client funds or securities must have a reasonable basis, after due inquiry, for believing that the Qualified Custodian that holds such funds or securities on behalf of the adviser's client sends an account statement, at least quarterly, to such client for which the adviser maintains funds or securities. The account statement must identify the amount of funds and securities in the account at the end of the relevant period and list all transactions in the account occurring during such period. However, as the underlying Qualified Custodian for each Segregated Loan Account will not be provided with a breakdown of the legal and beneficial ownership of each Syndicated Loan Participant by the Representative or Administrator, BPA believes that the Administrator, at the direction of the Representative, will send out detailed statements to each Syndicate Loan Participant, including each BPA Client that holds an interest therein, a weekly and/or monthly

statement following each remittance to such BPA Client that reflects each remittance to the BPA Client and their interest in the Segregated Loan Account.

With respect to each BPA Fund, BPA, BPA will ensure that audited financial statements prepared in accordance with Rule 206(4)-2(b)(4) the (“**Audited Pool Exception**”) are prepared and distributed on an annual basis to each BPA Fund investor no later than 120 days following the end of the subject BPA Fund’s fiscal year end.

As noted above, due to the commingled nature of each Segregated Loan Account, BPA Clients will not be receiving direct account statements from the Qualified Custodian holding the Segregated Loan Account. However, as described above, BPA will arrange for the Administrator, on a weekly and/or monthly basis following each remittance to such BPA Managed Account, send to each BPA Managed Account, a statement reflecting such BPA Managed Account’s interest in each Segregated Loan Account relative to the specific Loan Syndicate to which it relates. To the extent that funds have been disbursed to such BPA Managed Account by the Administrator, as reflected on the Administrator’s quarterly statement, each such BPA Client is advised to review its own statements from its own custodian to cross-reference the receipt of such cash disbursed by the Administrator to such BPA Client’s account with its independent custodian, as well as any reinvestment of such cash into any other investment made by BPA on such Client’s behalf, and should require that such custodians issue such statements directly to such BPA Managed Accounts no less than on a calendar quarterly basis.

In connection with the establishment of each BPA Fund, it is anticipated that both BPA, as the investment manager, and the BPA affiliate, as the general partner or manager of such BPA Fund, will each be deemed to have custody under the Custody Rule of the assets of such BPA Fund because BPA and such affiliate will have authority to distribute out of the BPA Fund its Management Fee and Carried Interest, respectively, without having to obtain the prior written consent of each investor in such BPA Fund. Under the Advisers Act, BPA is responsible for ensuring that the funds and securities held by each BPA Fund (its “**Eligible Assets**”), excluding certain “privately offered securities,” are held only with a Qualified Custodian. As noted above, Qualified Custodians include, among others, non-affiliated banks of BPA or its affiliates, and broker-dealers. As also discussed above and in Item 13 entitled “*Review of Accounts*” of this Brochure, BPA intends to rely upon the Audited Pool Exception with respect to each BPA Fund, including ensuring that each of such BPA Funds is audited by a properly registered independent PCAOB registered Accountant. Likewise, as noted above, BPA will ensure that a copy of such audited financial statements will be timely delivered to each BPA Fund investor, and in any event, no more than 120 days following the subject BPA Fund’s fiscal year end.

Item 16: Investment Discretion

Depending on the nature of the authority granted to BPA by a particular BPA Client, including a BPA Fund, BPA will have discretionary, non-discretionary or limited discretionary authority to manage and provide continuous portfolio management services. While BPA will provide substantially similar advice to non-discretionary and limited discretionary BPA Clients, the authority to make the investment decision for these Clients to the extent discretion has not been granted to BPA, will remain exclusively with the BPA Client. For those assets and funds of a Client not involving an interest in a BP Lender loan

syndicate, BPA Clients should not expect BPA to generate a separate account statement of the same, but rather such BPA Clients should arrange to will receive the same directly from the independent custodian (i.e., the broker-dealer or bank) that actually has custody of such assets and funds. BPA requires that in those BPA Client arrangements which involve non-BP Lender loans or participations, which are held at third-party custodians, such BPA Clients provide BPA with access to view electronically the holdings of the BPA Client at the third-party custodian as mutually agreed upon by the BPA Client and BPA. In these arrangements, BPA will issue a separate bill to be paid by the Client based upon an agreed upon fee which may include the size of the Client's portfolio or be set on a flat-fee basis, as set forth in their separate investment management agreement.

The governing documents for each BPA Client, whether the investment management agreement with the subject BPA Managed Account, or the investment management agreement with the subject BPA Fund (together with such Fund's offering documents or related agreements) will set out the BPA Client's investment guidelines, any limitations, restrictions, or prohibitions, as the case may be.

Item 17: Voting Client Securities

The SEC adopted Rule 206(4)-6 under the Advisers Act, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. In compliance with such rules, BPA intends to adopt proxy voting policies and procedures.

BPA generally does not engage in transactions involving publicly traded securities for its BPA Clients. Therefore, BPA does not anticipate being called upon to vote proxies given the nature of BPA Client assets. In the rare instance that BPA does own a security that requires voting of a proxy, BPA will vote such proxy in accordance with its fiduciary duty to its BPA Clients and Rule 206(4)-6 of the Investment Advisers Act, taking into account any potential conflicts of interest.

A copy of BPA's proxy voting policies and procedures, as well as specific information about how BPA has voted in the past, to the extent applicable is available upon request to the Chief Compliance Officer at 212-634-9900.

Item 18: Financial Information

BPA does not require the prepayment of more than \$1,200 in fees per client and six months or more in advance, has not been the subject of a bankruptcy petition, and is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to BPA Clients.