

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

March 31, 2023

**Bardin Hill Investment Partners LP**

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

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

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

## **Material Changes**

We last filed an annual updating amendment to this Brochure in March 2022. We are required to identify and discuss material changes made to this Brochure since that last annual update. While this update to our Brochure contains changes and updates to certain information, we do not believe that they constitute material changes to the Brochure filed in conjunction with our last annual updating amendment. Please review this Brochure in its entirety.

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## 1 Advisory Business

Bardin Hill Investment Partners LP (“BHIP” or the “Firm”) is an investment advisory services firm that, together with its relying adviser affiliates, focuses primarily on public and private credit and event-driven strategies. BHIP, a predecessor entity of which has been registered with the SEC since 1997. This brochure contains information with respect to BHIP and all of its relying advisers (collectively, “Bardin Hill,” or “we”). Bardin Hill provides investment advisory services to a variety of private investment funds, managed accounts, and collateralized loan obligation investment vehicles. Bardin Hill’s regulatory assets under management are estimated to be \$6,132,538,157 as of December 31, 2022.

BHIP’s principal owners are Bardin Hill Management Partners LP, NGI Strategic Holdings (A) LP and Cairo Management Holdings, L.P. Each of NGI Strategic Holdings (A) LP and Cairo Management Holdings, L.P. owns a passive minority interest in the Firm. Bardin Hill Management Partners LP is privately owned by ten active partners who average 22 years of industry experience. Jason Dillow is Chief Executive Officer and Chief Investment Officer of the Firm and the sole indirect principal owner of the Firm. Bardin Hill draws on the skills and experience of approximately 63 partners and other employees (referred to collectively as “Employees”), approximately 28 of whom are investment professionals. The Firm’s Executive Committee includes Jason Dillow, Suzanne McDermott, Jacob Fishelis, Philip Raciti, John Cashwell. In addition, Jason Dillow, John Greene, Pratik Desai and, with respect to arbitrage positions, Gian Maria Magrini are Portfolio Managers with respect to BHIP’s advisory activities.

Bardin Hill is based in New York, NY.

### Relying Advisers

BHIP directly or indirectly owns controlling stakes in all of its relying advisers, which fall into the following categories:

1. Bardin Hill Arbitrage Management LP (“BHARB”) and its subsidiaries listed below;
2. Bardin Hill Loan Management LLC (“BHLM”) and its direct and indirect subsidiaries listed below; and
3. Bardin Hill Long Duration Recoveries Management LP (“BHLDR”).

BHARB’s subsidiaries seek to identify structural market inefficiencies and situations where their research suggests the risk is less asymmetric than for similar strategies, particularly with respect to merger arbitrage opportunities. Specifically, Bardin Hill Arbitrage UCITS Management LP (“BHAUM”) provides advisory services using this strategy to UCITS portfolios and Bardin Hill Arbitrage IC Management LP (“BHAIM”) provides advisory services using this strategy to Investment Company Act of 1940 portfolios (though note that BHAIM is separately registered as an investment adviser with the SEC and makes its own Form ADV filings). BHAUM and BHAIM are both wholly

owned subsidiaries of BHARB. Gian Maria Magrini is the Portfolio Manager, and Ryan Khan is the Associate Portfolio Manager, for BHARB and its subsidiaries. The sole limited partner of BHARB is BHIP, and Bardin Hill Investment Partners GP LLC is its general partner.

#### *Bardin Hill Loan Management*

BHLM's subsidiaries specialize in providing investment management services to investment vehicles which invest primarily in performing credit assets. Philip Raciti is the Portfolio Manager, and Sean Kadden is the Associate Portfolio Manager, for BHLM and its subsidiaries.

Most of BHLM's subsidiaries control the management of the collateral supporting certain debt obligations issued by collateralized loan obligation vehicles. The collateral generally consists of debt obligations, secured and unsecured claims, any equity securities acquired as part of a unit consisting of both a debt obligation and an equity security, and certain derivative instruments. The BHLM subsidiaries perform numerous administrative and advisory functions with respect to the collateral, including selecting the portfolio of collateral and instructing an independent trustee with respect to acquisitions, dispositions, or reinvestments of proceeds of the collateral.

BHIP owns approximately 99% of the BHLM interests participating in profits and losses with respect to the investment advisory activities of BHLM's subsidiaries. BHLM also has two special members providing capital in connection with establishment of collateral obligation vehicles. The BHLM subsidiary relying advisers providing services to collateralized loan obligation vehicles are (i) Halcyon Loan Investors LP, Halcyon Loan Advisors A LLC and Bardin Hill Performing Credit Management LLC (each principally or wholly owned by BHLM), and (ii) each of Halcyon Loan Advisors 2012-1 LLC, Halcyon Loan Advisors 2012-2 LLC, Halcyon Loan Advisors 2013-1 LLC, Halcyon Loan Advisors 2013-2 LLC, Halcyon Loan Advisors 2014-1 LLC, Halcyon Loan Advisors 2014-2 LLC, Halcyon Loan Advisors 2014-3 LLC, Halcyon Loan Advisors 2015-2 LLC, Halcyon Loan Advisors 2018-1 LLC and Halcyon Loan Advisors 2018-2 LLC (each a wholly owned subsidiary of Bardin Hill Loan Advisors LP, which is wholly owned by BHLM).

Halcyon Loan Investment Management LLC, wholly owned by BHLM, provides investment advisory services to managed accounts focusing primarily on senior bank loan investments.

#### *Bardin Hill Long Duration Recoveries Management*

BHLDR focuses on non-market correlated investments in litigation-oriented situations, liquidations, and other special opportunities (which can include private and illiquid positions) of a non-market correlated nature, in each case, with a long-term investment horizon. The members of the Investment Committee of BHLDR are John Greene and Jason

Dillow. The sole limited partner of BHLDR is BHIP, and Bardin Hill Investment Partners GP LLC is its general partner.

### Advisory Clients

Bardin Hill's advisory clients fall into three categories:

1. Private funds sponsored and controlled by Bardin Hill for a variety of investors or one or more specific investors (referred to as the "Bardin Hill Funds");
2. Collateralized loan obligation investment vehicles (referred to as the "CLOs"); and
3. Managed accounts for institutional investors or funds sponsored by unaffiliated institutions (referred to as the "Managed Accounts").

Bardin Hill tailors advisory services to the individual needs and specified investment mandate of its advisory clients. For commingled Bardin Hill Funds, we adhere to the investment strategy set forth in each Private Placement Memorandum and/or other operating documents of such Bardin Hill Funds. For each Managed Account, as well as for single investor Bardin Hill Funds, we enter into advisory and/or operating agreements that contain a description of the investment objective and mandate, as well as investment guidelines and restrictions agreed upon with those advisory clients. For CLOs, we adhere to the investment strategy and portfolio guidelines and restrictions set forth in the relevant CLO's offering memorandum.

We do not participate in wrap fee programs. We manage Bardin Hill Funds, Managed Accounts and CLOs on a discretionary basis, except as may be limited in the relevant advisory client's advisory agreement.

## **2. Fees and Compensation**

Neither Bardin Hill nor any of its Employees or affiliates receives any transaction-based compensation for the sale of securities or other investment products.

### Management Fees and Performance Compensation

For open-ended Bardin Hill Funds, Bardin Hill or a Bardin Hill affiliate typically receives compensation from the relevant fund calculated as a percentage of the net asset value of, and on performance achieved with respect to, such Bardin Hill Fund or specific interests therein, as provided in the governing documents of the relevant Bardin Hill Fund.

For close-ended Bardin Hill Funds, Bardin Hill's compensation arrangements with such funds are generally structured so Bardin Hill receives an amount calculated (A) as a percentage of deployed capital commitments until the applicable Bardin Hill Fund's final closing date and then the net asset value of such vehicle and (B) on performance achieved

with respect such Bardin Hill Fund, in each case, as determined in accordance with the relevant Bardin Hill Fund's operating agreement. Actual compensation arrangements are communicated for each Bardin Hill Fund in relevant governing documents, and are subject to waiver by Bardin Hill or its affiliates.

The governing documents of the commingled Bardin Hill Funds generally permit us to negotiate different fees with investors in these Bardin Hill Funds separately and to waive the fees for certain of our affiliates, current and former Employees, and accounts managed by them.

Bardin Hill generally deducts the asset, committed capital or deployed capital-based fees described above from the Bardin Hill Fund accounts monthly or quarterly in advance or in arrears, as provided in the governing documents of the relevant Bardin Hill Fund. Because investors in the Bardin Hill Funds may not make intra-month withdrawals of their capital (or any withdrawals in the case of close-ended funds) and management fees are pro-rated for any periods shorter than a full payment period (or refunded in the event the relevant investment management agreement is terminated prior to the end of a month), investors do not pay a management fee in excess of what they owe for the entire period.

In open-ended funds, an affiliate of Bardin Hill generally deducts performance-based compensation from the Bardin Hill Funds' accounts at the end of each year, or a shorter period coinciding with an earlier withdrawal date with respect to the withdrawn amount to the extent permitted by the governing documents of the relevant Bardin Hill Fund. For closed-ended funds, the performance-based compensation allocable to an affiliate of Bardin Hill is deducted from realization or other proceeds of the assets held by the relevant Bardin Hill Funds and is subject to return to investors of their contributed capital and a preferred return.

Fee arrangements for Managed Accounts are customized. Generally, these advisory clients pay periodic asset-based fees (typically, monthly or quarterly), and most of these advisory clients also bear performance-based compensation (typically, annually, or with respect to distribution proceeds specified in the relevant Managed Account documentation). Bardin Hill receives compensation from Managed Account advisory clients. In most instances, an unaffiliated third party deducts these amounts from Managed Account assets. In addition to Bardin Hill's fees, certain Managed Accounts are subject to asset-based fees and performance compensation in favor of the unaffiliated sponsor of the relevant Managed Account. Detailed information concerning compensation and fee arrangements with respect to Managed Accounts is contained in the governing documents of these advisory clients. Fee terms are subject to waiver in Bardin Hill's discretion, and such waiver determination will be communicated to Managed Account advisory clients individually.

For CLOs, Bardin Hill or a Bardin Hill affiliate receives a base collateral management fee and, in most instances, a subordinated collateral management fee, each paid quarterly in arrears. These fees are equal to a certain percentage of the aggregate collateral balance, determined as of each payment date. In some instances, we also receive an incentive management fee with respect to collateral interest and collateral principal collections



available as of each payment date, in certain instances subject to a hurdle. The trustee of each CLO generally remits the collateral management fees to us quarterly in arrears, typically from an interest collection account associated with the CLOs. Detailed information concerning compensation and fee arrangements is contained in the prospectus or other governing documents of each CLO.

### Expenses

Bardin Hill Funds generally bear costs and expenses related to portfolio investments or prospective investments (whether or not consummated), including, but not limited to, brokerage commissions; spreads and other fees; clearing and settlement charges; expenses related to short sales; development fees; commissions; bank charges; transfer fees; registration fees; financing fees; interest (including interest on debit balances or borrowings); commitment fees; custodial fees; leasing and servicing fees; bank fees; all due diligence and structuring expenses (including legal expenses and costs of any investment subsidiaries or other alternative investment vehicles used in connection with any investment, where applicable); fees, expense reimbursement and profit-sharing payments due to unaffiliated advisors, sub-advisors, consultants, accountants, appraisers, experts, lawyers, and finders (which do not offset the management fees or the performance compensation payable to Bardin Hill); all travel and reasonable out-of-pocket costs that relate to such investments or prospective investments; any other expenses, charges or fees incurred or payable in connection with the identification, evaluation, acquisition, holding, monitoring, hedging, sale or proposed sale, financing or refinancing of investments or prospective investments; specific expenses incurred in obtaining or maintaining systems, research, and other information utilized in the advisory clients' investment programs, portfolio management, valuations, accounting, compliance, or reporting, including the costs of statistics and pricing services, service contracts for quotation equipment, and related hardware and software; and any applicable taxes or governmental charges. Bardin Hill Funds also typically bear organizational expenses and all out-of-pocket costs of their administration, including, but not limited to, accounting, audit, administrator, offering, licensing, compliance and legal expenses, tax, tax preparation, fees and expenses incurred in connection with any tax audit by any taxing authority, costs of any litigation or investigation involving the Bardin Hill Funds' activities, costs associated with reporting and providing information to existing and prospective investors, costs of related to the maintenance of registered offices, blue sky and filings fees and expenses, costs of registrations, qualifications or obtaining and maintaining exemptions under applicable laws, costs of any regulatory filings (including any filings made by Bardin Hill relating to the Bardin Hill Funds and the management thereof, *e.g.*, Form PF), indemnification expenses, a portion of any liability insurance obtained on behalf of the Bardin Hill Funds, Bardin Hill, or its affiliates, wind-up and liquidation expenses and any extraordinary expenses arising in connection with the operations of the relevant fund.

Managed Accounts generally bear investment program expenses similar to those borne by the Bardin Hill Funds and any other expenses set forth in their governing documents.

Expenses payable by certain Managed Accounts and single investor Bardin Hill Funds are subject to limitations set forth in the relevant governing documents.

CLOs generally may incur and bear the following expenses: offering expenses, including rating agency expenses, listing expenses, underwriting and placement agent fees, and legal expenses; trustee and administrator expenses; costs and expenses incurred in connection with the acquisition, holding, monitoring, amendment, default, restructuring, bankruptcy, and disposition of collateral debt obligations and other eligible investments or relating to any proposed investments; brokerage fees; specific expenses incurred in obtaining or maintaining systems, research and other information utilized in the CLOs' investment programs, portfolio management, valuations, or accounting, including the costs of statistics and pricing services, service contracts for quotation equipment and related hardware and software; legal, tax, accounting, and appraisal costs, and any extraordinary expenses of any nature or other unusual matters.

When Bardin Hill incurs expenses on behalf of multiple advisory clients, it seeks to allocate expenses among the applicable advisory clients in a fair and equitable manner and consistent with the advisory clients' governing documents. Bardin Hill typically allocates expenses directly related to a specific investment among advisory clients based on the relative value of the positions being acquired, held, or sold, and shared expenses not directly related to a specific investment based on the relative net asset value of advisory client accounts, in all instances to the extent permitted by the relevant advisory clients' governing documents. However, Bardin Hill can apply other expense allocation formulas and methods at its discretion. Bardin Hill cannot guarantee the accuracy of all expense allocations and is not financially responsible for incorrect allocations in the absence of a breach of the standard of care set forth in the advisory clients' governing documents. Bardin Hill is at times subject to a conflict of interest in determining whether to allocate expenses to one advisory client, among several advisory clients, or among Bardin Hill and advisory clients. In order to address such conflicts, Bardin Hill seeks to allocate expenses in a fair and equitable manner, consistent with applicable disclosures in relevant governing documents.

Please see Section 7: Other Financial Industry Activities and Affiliates for information related to the role of Service Companies (as defined below), including expense allocation considerations related to the use of Service Companies.

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

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

Bardin Hill generally receives performance-based compensation from all of the Bardin Hill Funds (including with respect to certain series of interests therein). Bardin Hill also receives performance-based compensation from certain CLO advisory clients. Although many of our Managed Accounts are subject to performance compensation, certain Managed Accounts using highly liquid strategies pursued by Bardin Hill Arbitrage UCITS Management LP, as well as one or more Managed Accounts focusing on senior loan

investments managed by Halcyon Loan Investment Management LLC, are not subject to performance-based compensation. This side-by-side management of accounts with different compensation structures creates a potential conflict in that the manager may be incentivized to allocate investment opportunities to the advisory clients that are subject to the performance compensation. Bardin Hill has adopted and applies investment allocation policies designed to achieve equitable allocation among our advisory clients over time. Specifically, our allocation policy prevents us from taking compensation into account when allocating investment opportunities.

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

All of our advisory clients are private investment funds or similar investment entities. Bardin Hill Funds directly or indirectly have a diverse group of investors, including pension funds, endowments, foundations, financial institutions, insurance companies, funds of funds, and high-net-worth individuals. Bardin Hill requires investors that are US persons to be “accredited investors” and “qualified purchasers” or “knowledgeable employees” (as defined in applicable federal securities laws and regulations) and requires investors that are European Union (“EU”) persons to be “professional clients” within the meaning of EU Directive 2004/39/EC. Our Managed Account advisory clients are a variety of institutional investors as well as domestic and foreign private funds sponsored by unaffiliated institutions.

Bardin Hill’s CLO advisory clients issue senior and subordinated notes in offshore offerings pursuant to Regulation S or subject to Rule 144A resale transactions. Purchasers of notes must be either non-US persons or highly sophisticated domestic investors.

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

##### Bardin Hill Investment Strategies

##### *Bardin Hill Investment Partners*

BHIP generally focuses on public and private credit and event-driven strategies.

##### *Bardin Hill Arbitrage Management*

Subsidiaries of BHARB seek to identify structural market inefficiencies and situations where its research suggest the risk less asymmetric than for similar strategies, particularly with respect to merger arbitrage opportunities.

##### *Bardin Hill Loan Management*

The investment objective of BHLM’s subsidiaries is to generate current income, affording significant downside protection by investing primarily in senior loans.

##### *Bardin Hill Long Duration Recoveries Management*

BHLDR seeks investment opportunities within the non-market correlated space, including privately negotiated litigation related investments, claims in liquidating entities, and non-market correlated special opportunities, in each case, with a longer-term investment horizon. Investments can include asset-level purchases, common equity, preferred equity, private debt, and other instruments that BHLDR deems appropriate for the relevant advisory client's mandate; such instruments may include, but are not limited to, financial asset purchases, stocks, bonds, bank debt, and claims in various self-liquidating and insolvency regimes.

### Method of Analysis

#### *Bardin Hill Investment Partners LP & Bardin Hill Arbitrage Management LP*

BHIP's and BHARB's investment research and analysis begins with idea generation, a process which is highly collaborative. Analysts and Portfolio Managers source and evaluate ideas from company and sponsor contacts, proprietary research, sell-side analysts, industry experts, buy-side peers, news media, and other third-party sources as well as from professional colleagues working across Bardin Hill's various investment platforms.

BHIP and BHARB investment professionals generally meet every morning to discuss the macro environment, news related to the portfolio, contemplated investments, and new ideas. Portfolio Managers and analysts from other Bardin Hill strategies also frequently attend these morning meetings, thereby allowing BHIP and BHARB to leverage their unique and varied expertise. BHIP and BHARB teams of one or more analysts work with Portfolio Managers to research each investment idea and existing positions in an iterative fact-finding process. Generally, extensive proprietary qualitative and quantitative analysis, legal due diligence, and information gathered from various internal Bardin Hill and third-party sources are all integral to the research process.

Investment decisions are made on a bottom-up basis. Position sizes are determined in connection with risk limits obtained by using downside analyses based on internal estimates. BHIP and BHARB take an opportunistic and value-oriented approach to each new investment allocation, applying each applicable advisory client's investment guidelines and BHIP's and BHARB's portfolio construction techniques to size the positions appropriately.

This bottom-up approach is supplemented by a top-down overlay, whereby Portfolio Managers seek to limit the risk of individual positions according to various shock-drawdown scenarios and take into account macroeconomic and market conditions during the portfolio construction process.

#### *Bardin Hill Loan Management LLC*

BHLM's investment approach is centered on a disciplined, fundamental credit underwriting process and continuous technical evaluation and engagement with the market and the wider set of investment opportunities. The investment process includes a rigorous evaluation of relevant documents, consideration of future catalysts, technical suitability

within the relevant advisory client vehicles and broader market investment vehicles and consideration of the theses of all parties involved in a select opportunity. This process is augmented by an aggressive investment monitoring process, active trading of risk, transparent and collaborative sharing of information and continuous re-evaluation of our investment thesis.

BHLM utilizes its scale, resources, data analytics and proprietary investment process to identify and execute investment opportunities. Each of these opportunities is subject to BHLM's disciplined, fundamental underwriting protocols and a continuous assessment of overall market technicals. This process is further balanced by an informed macro judgment concerning broad investment themes and sector drivers. Finally, BHLM focuses on relative value in asset selection, both within and among issuers' capital structures, with an emphasis on the appropriate price, market liquidity, and timing for event catalysts.

#### *Bardin Hill Long Duration Recoveries Management LP*

BHLDR's investment process has its foundation in a research paradigm and a dynamic approach to risk management that serves to put different types of positions within different strategies on equal footing for evaluation purposes. In our opinion, this approach results in better situation comparison and selection as well as more optimized portfolio construction.

BHLDR builds the portfolios largely on a bottom-up basis, choosing to pursue privately negotiated litigation claims and other positions based on their absolute downside risk and their probabilistic relative attractiveness.

One or more analysts research potential opportunities and then discuss such opportunities with the Portfolio Managers in an iterative fact-finding process. Research includes extensive proprietary qualitative and quantitative analysis and legal due diligence and is supplemented by fundamental credit due diligence as well as reports from law firms, sell-side firms, independent analysts, and industry consultants.

#### Risk of Loss

Bardin Hill's dedication to the rigorous management of risk within and across subsets of its portfolios is designed to identify and address effectively the sorts of risk inherent in the types of transactions in which Bardin Hill's advisory clients participate. However, despite our risk management process, investing in any securities or other assets (*e.g.*, bank debt) involves a risk of loss that our advisory clients and the investors therein must be prepared to bear.

Examples of potential areas of risk associated with the types of investment strategies in which Bardin Hill's advisory clients engage are:

Equity Securities Generally. Bardin Hill's advisory clients engage in trading equity securities. Market prices of equity securities generally, and of certain companies' equity securities more particularly, frequently are subject to greater volatility than prices of fixed-

income securities. On numerous occasions in the past, market prices of equity securities as a group have dropped dramatically in a short period of time, and they may do so again in the future. As a result, Bardin Hill's advisory clients may suffer losses if they invest in equity instruments of issuers whose performance diverges from Bardin Hill's expectations or if equity markets generally move in a single direction and Bardin Hill's advisory clients have not hedged against such a general move. In addition, actual and perceived accounting irregularities may cause dramatic price declines in the equity securities of companies reporting such irregularities or which are the subject of rumors of accounting irregularities.

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

Preferred Stock. Investments in preferred stock involve risks related to priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer's capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

Small and Medium Capitalization Companies. Bardin Hill's advisory clients may invest in companies with small to medium-sized market capitalizations. While Bardin Hill believes such securities or assets often provide significant potential for appreciation, the securities or other instruments of certain companies, particularly smaller-capitalization companies, involve higher risks in some respects than do investments in securities or other instruments of larger companies. For example, prices of small-capitalization and even medium-capitalization securities or other instruments are often more volatile than prices of large-capitalization securities or other instruments, and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in the securities or other instruments of some small-capitalization companies, an investment in those companies may be illiquid.

Non-Investment-Grade Investments. Our strategies at times call for us to invest in issuers experiencing financial distress or stress and other high yield investments that are rated below investment grade or are unrated. With meaningful balance sheet leverage, operational and/or business risk, our advisory clients' credit investments may be unsecured or subordinated. As a consequence of the nature of our strategies and our advisory clients' investments, there is a risk that Bardin Hill's advisory clients may lose some or all of the cost of many investments that are made. Our strategies and the success of our advisory clients depend upon our ability to gather all relevant information about each investment and to assess it accurately, not only at the time of investment but through the holding period until the applicable Bardin Hill advisory client disposes of the investment. Our expectations regarding the favorable outcome of any investment can be adversely affected by numerous factors beyond our control, including our receipt of incomplete or inaccurate data, our failure to assess it accurately, and unpredictable changes in circumstances, including unforeseeable macro-economic circumstances unrelated to our analysis of the specific investment. During an economic downturn or a sustained period of rising interest rates, issuers of high-yield bonds may be more likely to experience financial stress, especially if such issuers are highly leveraged. The market for these securities is thinner, often less liquid, and less active than that for higher-rated securities, which can adversely affect the prices at which they can be sold and may even make it impractical or impossible to sell these positions.

Distressed Investments Generally. Bardin Hill's advisory clients expect to have interests, directly or indirectly, in securities, claims, and other obligations of companies that are experiencing significant financial or business difficulties, have substantial capital needs or negative net worth, face special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganization proceedings, with a view to making long-term investments in positions that are likely to generate attractive returns over time. Investing in companies experiencing significant business and financial difficulties requires legal and financial sophistication, and such investments involve a substantial degree of risk. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate, recharacterize debt as equity or disenfranchise particular claims.

Trade and Other General Unsecured Claims. Bardin Hill's advisory clients expect to acquire interests in claims of trade creditors and other general unsecured claim holders of a debtor ("trade claims"). Trade claims generally include, but are not limited to, claims of suppliers for goods delivered and not paid, claims for unpaid services rendered, claims for contract rejections, and claims related to litigation. Trade claims are typically unsecured and may, in unusual circumstances, be subordinated to other unsecured obligations of the debtor. The repayment of trade claims is subject to significant uncertainties, including potential set-off by the debtor as well as other legal uncertainties. A trade claim may be transferred or assigned before or after a petition in bankruptcy is filed, including after a proof of claim has been filed. Investments in trade claims and high risk receivables may also entail special risks including, but not limited to, fraud or other inequitable conduct on the part of the assignor of the trade claim as well as logistical and mechanical issues which may affect our ability to collect the claim in whole or in part.

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

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

Bank Loans Generally. There are special risks associated with investments in bank loans and participations, which include (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (ii) lender-liability claims by the issuer of the obligations, (iii) environmental liabilities that may arise with respect to collateral securing the obligations, and (iv) limitations on the ability of a fund to enforce its rights directly with respect to participations. Successful claims by third parties arising from these and other risks, absent bad faith, are borne by the investor and diminish investment returns.

Senior Loans Risk. Senior loans are usually rated below investment grade or may also be unrated. As a result, the risks associated with senior loans are similar to the risks of below investment grade fixed income instruments, although senior loans are senior and secured in contrast to other below investment grade fixed income instruments, which are often subordinated or unsecured. Investment in senior loans rated below investment grade is considered speculative because of the credit risk of their issuers. Issuers of non-investment grade debt are more likely than issuers of investment grade debt to default on their payments of interest and principal owed to a fund, and defaults could have a materially adverse effect on the Bardin Hill advisory clients' performance. An economic downturn would generally lead to a higher non-payment rate, and a senior loan may lose significant market value before a default occurs. Moreover, any specific collateral used to secure a



senior loan may decline in value or become illiquid, which would adversely affect the senior loan's value. In general, the secondary trading market for senior loans is not well developed. No active trading market may exist for certain senior loans, which may make it more difficult to value them. Illiquidity and adverse market conditions may mean that Bardin Hill advisory clients may not be able to sell senior loans quickly or at a fair price. To the extent that a secondary market does exist for certain senior loans the market for them may be subject to irregular trading activity, wide bid/ask spreads, and extended trade settlement periods.

Investments in Loans Secured by Real Estate. While direct real estate investment is not our intended focus, it is possible that, from time to time, our advisory clients may invest in loans secured by real estate and may, as a result of default, foreclosure, or otherwise, hold real estate assets. The burdens of ownership of such real property include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property. Special risks associated with these investments include changes in the general economic climate or local conditions (such as an oversupply of space or a reduction in demand for space), competition based on rental rates, attractiveness, and location of the properties, changes in the financial condition of tenants, and changes in operating costs. Real estate values are subject to government regulations (including those governing usage, improvements, zoning, and taxes), interest rate levels, the availability of financing, and potential liability under changing environmental and other laws.

Litigation-Oriented Investments. Our litigation-oriented investments strategy requires an evaluation of the outcome and timing of a dispute resolution process. Regardless of the amount of research and other due diligence that may be performed, predicting the outcome of litigation or other dispute resolution processes is inherently uncertain and depends on a variety of circumstances that may be unrelated to the legal merits of the substantive claims of the parties, including uncertainty regarding the application of law to particular facts, disputed factual records and testimony, unforeseen procedural issues, uneven quality of advocacy, misapplication of settled law by a judge or jury, or settlement dynamics in which the motivations of the parties may be unrelated, in whole or in part, to the merits of the dispute. Since the expenditures in this strategy generally do not involve the acquisition of any assets having any residual value, an unfavorable outcome typically will result in a complete loss of the investment.

Derivative Instruments. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, credit risk, legal risk and operations risk. The regulatory and tax environment for derivative instruments in which Bardin Hill's advisory clients may participate is evolving, and changes in the regulation or taxation of such instruments may have a material adverse effect on such advisory clients.

Non-Controlling Investments. Bardin Hill's advisory clients typically make non-controlling investments. Therefore, we may have a limited ability to protect our advisory clients' investments and may be adversely affected by actions taken by the majority equity holders of the portfolio companies in which Bardin Hill's advisory clients invest.

Illiquidity. Bardin Hill's advisory clients may make investments in securities or other instruments that are not readily marketable or that cease to be readily marketable after an investment is made. This could make it difficult or impossible to realize the value Bardin Hill ascribes to an investment if an advisory client is forced to dispose of it in an inactive market. Additionally, some investments may be subject to certain other transfer restrictions that may contribute to illiquidity. Finally, investments constituting a control position will be subject to additional transfer restrictions under federal securities and other laws by virtue of such control position, which will further contribute to illiquidity.

Valuation. Except as otherwise set forth in the governing documents of an investment vehicle, the assets and liabilities of Bardin Hill Funds are valued in accordance with Bardin Hill's valuation policy (the "Valuation Policy"). The valuation of any asset or liability involves inherent uncertainty. The value of an investment determined in accordance with the Valuation Policy may differ materially from the value that could have been realized in an actual sale or transfer for a variety of reasons, including the timing of the transaction and liquidity in the market. Uncertainties as to the valuation of portfolio positions could have an impact on the net asset value of the Partnership if the judgments of the Bardin Hill, in its capacity as general partner (or the equivalent) of an advisory client, regarding the appropriate valuation should prove to be incorrect.

Investors in open-ended Bardin Hill Funds purchase and redeem interests based on a determination of the fair value of the assets and liabilities of the relevant Bardin Hill Fund. In addition, its management fees and incentive allocations are often determined by reference to these valuations. Investors may be adversely affected to the extent the values determined by Bardin Hill are incorrect. Investors are also subject to a conflict of interest with respect to Bardin Hill to inflate the determination of fair value because Bardin Hill is entitled to compensation based on the assets under management, as well as on the unrealized gains and losses with respect to certain Bardin Hill Funds.

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

Concentration. Other than as limited by the relevant advisory clients' offering documents, there are no restrictions on the amount of Bardin Hill advisory clients' assets that may be invested in a particular sector of the market or in a type of security. Bardin Hill advisory clients' portfolios may become significantly concentrated in investments related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose Bardin Hill advisory clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such investments.

Short sales. Some of our strategies call for short sales not only for hedging purposes but also occasionally to take advantage of situations in which Bardin Hill believes an investment has been overvalued by market participants. If our assessment of these

situations is incorrect, there is risk that the relevant advisory client could incur a potentially unlimited amount of loss from the short sale.

Lending of Portfolio Securities. Certain of Bardin Hill's advisory clients may lend securities on a collateralized and an uncollateralized basis from their portfolios to creditworthy securities firms and financial institutions. While a securities loan is outstanding, these advisory clients will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

Leverage. Bardin Hill generally has the discretion to use borrowing and other forms of leverage in our strategies. While the use of leverage may amplify the profit on successful investments, it may also amplify the losses incurred on unsuccessful investments.

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

Fund Structure: Limited Liquidity and Transparency. An investor's investment in any Bardin Hill Fund is subject to the structure and terms of the relevant fund. These include rights to liquidity and transparency that are more restrictive than would be the case for a Managed Account held by a custodian in the investor's name or for the personal account of the investor in its own name. Bardin Hill Funds may suspend withdrawal privilege in certain circumstances. In addition, Bardin Hill Funds can grant more favorable rights to certain investors, including affiliates of Bardin Hill.

Limited Liability and Indemnification. Each advisory client's operating agreements limit the instances in which Bardin Hill or its affiliates can be held liable, and the operating agreements of the Bardin Hill Funds generally provide that in the absence of bad faith, gross negligence, or willful misconduct, neither Bardin Hill nor any of its affiliates shall be liable unless otherwise required by law. In addition, in the absence of a breach of Bardin Hill's standard of care, Bardin Hill and its affiliates are generally entitled to indemnification by each advisory client with respect to their services, which can result in significant financial burden borne by the advisory clients.

Conflicts of Interest. As described elsewhere in this brochure, Bardin Hill is subject to various conflicts of interest as a result of our management of multiple advisory clients, the nature of our compensation arrangements, our affiliated management companies and their activities on behalf of their respective advisory clients, co-investment arrangements, and the use of the fund structure. The existence of these conflicts of interest may influence the independence of Bardin Hill's judgment. This brochure and Bardin Hill advisory clients' offering documents contain information about how Bardin Hill manages these conflicts.

General Economic and Market Conditions. The success of each Bardin Hill advisory client's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the such advisory client's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts, security operations and related sanctions regimes). These factors may affect the level and volatility of the prices and the liquidity of the relevant advisory client's investments. Volatility or illiquidity could impair such advisory client's profitability or result in losses. Each such advisory client may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Legal and Regulatory Environment. The legal and regulatory environment worldwide for private investment funds and their managers is evolving. Changes in the regulation of private investment funds, their managers, and their trading and investing activities may have a material adverse effect on the ability of Bardin Hill's advisory clients to pursue their investment program. There has been an increase in scrutiny of the private investment fund industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of Bardin Hill's advisory clients to pursue their investment programs or employ brokers and other counterparties could have a material adverse effect on such advisory clients.

Systemic Risk. Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which Bardin Hill's advisory clients interact are all subject to systemic risk. A systemic failure could have material adverse consequences on the Bardin Hill's advisory clients and on the markets for the investments in which such advisory clients seek to invest.

Catastrophe Risks. Advisory clients may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; war, terrorism and other armed conflicts; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets or issuers in which an advisory clients invests (or has a material negative impact on the operations of Bardin Hill or any service provider to Bardin Hill or the advisory clients), the risks of loss can be substantial and could have a material adverse effect on the advisory clients and their investments..

Banking Relationships. Bardin Hill and Bardin Hill's advisory clients will hold cash and other assets in accounts with one or more banks, custodians or depository or credit institutions (collectively, "Banking Institutions"), which may include both U.S. and non-U.S. Banking Institutions from time to time. Bardin Hill advisory clients may also enter into credit facilities and have other relationships with Banking Institutions as contemplated elsewhere. The distress, impairment, or failure of, or a lack of investor or customer

confidence in, any of such Banking Institutions may limit the ability of Bardin Hill or Bardin Hill's advisory clients to access, transfer or otherwise deal with its assets, draw upon a credit facility, or rely upon any of such other relationships, in a timely manner or at all, and may result in other market volatility and disruption, including by affecting other Banking Institutions. All of the foregoing could have a negative impact on Bardin Hill's advisory clients. For example, in such a scenario, Bardin Hill's advisory clients could be forced to delay or forgo an investment or a distribution, including in connection with a withdrawal, or generate cash to fund such investment or distribution from other sources (including by disposing of other investments or making other borrowings) in a manner that it would not have otherwise considered desirable. Furthermore, in the event of the failure of a Banking Institution, access to a depository account with that institution could be restricted and U.S. Federal Deposit Insurance Corporation ("FDIC") protection may not be available for balances in excess of amounts insured by the FDIC (and similar considerations may apply to Banking Institutions in other jurisdictions not subject to FDIC protection). In such a case, Bardin Hill or Bardin Hill's advisory clients may not recover all or a portion of such excess uninsured amounts and could instead have an unsecured or other type of impaired claim against the Banking Institution (alongside other unsecured or impaired creditors). Bardin Hill does not expect to be in a position to reliably identify in advance all potential solvency or stress concerns with respect to its or Bardin Hill's advisory clients' banking relationships, and there can be no assurance that Bardin Hill or Bardin Hill's advisory clients will be able to easily establish alternative relationships with and transfer assets to other Banking Institutions in the event a Banking Institution comes under stress or fails.

Discontinuation of LIBOR. It is expected that the U.S. dollar London Interbank Offered Rate ("LIBOR"), which is commonly used as a reference rate within various financial contracts (any such rate, a "Reference Rate"), will not be published after June 30, 2023 (other than the one-week and two-month tenors, which ceased to be published after December 31, 2021). In anticipation of the end of LIBOR, the United States and other countries have worked to replace LIBOR with alternative Reference Rates. The Secured Overnight Financing Rate ("SOFR") is the Reference Rate formally recommended by the Alternative Reference Rates Committee (the "ARRC"). The ARRC and regulators have stated that any party choosing another Reference Rate should do so carefully. As a general matter, the expected discontinuation of LIBOR may significantly impact financial markets. Generally, the transition to alternative Reference Rates may (i) cause the value of a Reference Rate to be uncertain or to be lower or more volatile than it would otherwise be; (ii) result in uncertainty as to the functioning, liquidity or value of certain financial contracts; (iii) involve actions of regulators or rate administrators that adversely affect certain markets or specific financial contracts; and (iv) impact the strategy, products, processes, legal positions and information systems of market participants. With respect to financial contracts to which any Bardin Hill advisory client is a party, any such contract that has a maturity that extends beyond June 2023 and uses LIBOR as a Reference Rate (other than contracts that include curative fallback language or which have other curative mechanisms available, such as safe harbor legislation adopted in applicable jurisdictions) may need to be renegotiated, the process of which may consume resources of the applicable Bardin Hill advisory client and may result in disputes among counterparties. Regulators encouraged market participants to cease entering new contracts that use U.S. Dollar LIBOR

as a Reference Rate by December 31, 2021. As a result, U.S. Dollar LIBOR's liquidity and usefulness will likely diminish. Investors should expect that a Bardin Hill advisory client will be a party to SOFR-based contracts, or contracts utilizing different Reference Rates. Considered in their entirety, the impacts of the discontinuation of LIBOR on financial markets generally and on the specific financial contracts to which Bardin Hill advisory clients are parties may adversely affect the performance of the Bardin Hill advisory clients.

**Coronavirus Risks.** In December 2019, the virus SARS-CoV-2, which causes the coronavirus disease known as COVID-19, was first identified in the human population. The disease spread around the world, resulting in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across the globe, as well as the implementation of travel restrictions and remote working and "shelter-in-place" or similar policies by numerous companies and national and local governments. These actions caused the disruption of manufacturing supply chains and consumer demand in certain economic sectors, resulting in significant disruptions in local and global economies. Such disruptions continue to be felt, as many countries and U.S. states struggle to contain the virus and its variants. The short-term and long-term impact of COVID-19 on the operations of Bardin Hill and the performance of Bardin Hill's advisory clients is difficult to predict. Any potential impact on such operations and performance will depend to a large extent on future developments and actions taken by authorities and other entities to contain COVID-19 and its economic impact. These potential impacts, while uncertain, could adversely affect the performance of Bardin Hill's advisory clients.

**Interest Rate Fluctuations.** The prices of securities tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs to Bardin Hill's advisory clients of borrowed securities and leveraged investments. To the extent that interest rate assumptions underlie the hedge ratios implemented in hedging a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose Bardin Hill's advisory clients to losses.

**Systems and Operational Risks Generally.** Bardin Hill's advisory clients depend on Bardin Hill to develop and implement appropriate systems for such advisory clients' activities. They rely heavily and on a daily basis on financial, accounting and other data processing systems to execute, clear and settle transactions across numerous and diverse markets and to evaluate certain investments, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of such advisory clients' activities. In addition, those advisory clients rely on information systems to store sensitive information. Certain of Bardin Hill's and its advisory clients' activities will be dependent upon systems operated by third parties, including prime brokers, administrators, market counterparties and other service providers, and Bardin Hill may not be in a position to verify the risks or reliability of such third-party systems. Failures in the systems employed by Bardin Hill, prime brokers, administrators, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Disruptions in Bardin Hill's operations may cause the Bardin

Hill's advisory clients to suffer, among other things, financial loss, the disruption of their business, liability to third parties, regulatory intervention or reputational damage.

Counterparty Risk. Many Bardin Hill's advisory clients expect to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit such advisory clients to trade in any variety of markets or asset classes over time. However, there can be no assurance that such relationships will be able to be established or maintained. An inability to establish or maintain such relationships could limit a Bardin Hill advisory client's trading activities, create losses, preclude it from engaging in certain transactions or prevent it from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on any such advisory client's business.

Such advisory clients may effect transactions in the "over-the-counter" or "OTC" derivatives markets. The stability and liquidity of OTC derivatives transactions depends in large part on the creditworthiness of the parties to the transactions. In the OTC markets, such advisory clients enter into a contract directly with dealer counterparties which may expose such advisory clients to the risk that a counterparty will not settle a transaction in accordance with its terms because of a solvency or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not *bona fide*). In addition, such advisory clients may have a concentrated risk in a particular counterparty, which may mean that if such counterparty were to become insolvent or have a liquidity problem, losses would be greater than if such advisory clients had entered into contracts with multiple counterparties. Certain OTC derivative contracts require that Bardin Hill's advisory clients post collateral. In addition, Bardin Hill's advisory clients may use counterparties located in jurisdictions outside the United States. Such local counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to a Bardin Hill advisory client's assets are subject to substantial limitations and uncertainties.

Litigation Risk. Investment strategies employed by certain Bardin Hill advisory clients can be contentious and adversarial. Different stakeholders in an investment may have qualitatively different, and frequently conflicting, interests. Certain Bardin Hill advisory client investment activities may include activities that will subject such advisory clients to the risk of becoming involved in litigation by third parties. This risk may be greater where the relevant advisory client exercises control or significant influence over an investment. Advisory clients could also be party to lawsuits either initiated by them, by a company in which such advisory clients invest, other shareholders of such company, or U.S. federal, state and non-U.S. governmental bodies. There can be no assurance that any such litigation, once begun, would be resolved in favor of the relevant Bardin Hill advisory client. Moreover, the expense of defending against claims against an advisory client by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by such advisory client and would reduce net assets and could require the investors therein to return distributions to such advisory client, as applicable.

Cybersecurity Risk. As part of its business, Bardin Hill processes, stores and transmits

large amounts of electronic information, including information relating to the transactions of Bardin Hill's advisory clients and personally identifiable information of the investors therein. Similarly, service providers of Bardin Hill and its advisory clients may process, store and transmit such information. Bardin Hill has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to Bardin Hill may be susceptible to compromise, leading to a breach of Bardin Hill's network. Bardin Hill's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by Bardin Hill to investors in Bardin Hill's advisory client vehicles may also be susceptible to compromise. Breach of Bardin Hill's information systems may cause information relating to the transactions of its advisory clients and personally identifiable information of the investor therein to be lost or improperly accessed, used or disclosed.

The service providers of Bardin Hill and its advisory clients are subject to the same electronic information security threats as Bardin Hill. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of a Bardin Hill's advisory clients and personally identifiable information of the investors therein may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of Bardin Hill's or its advisory clients' proprietary information may cause Bardin Hill or its advisory clients to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage.

The Private Placement Memoranda and/or operating agreements for the Bardin Hill Funds and the Managed Account documents contain discussions of various risk considerations that are more extensive in scope and depth than the foregoing summary.

In addition, CLOs are subject to the following structural risks:

CLO Structure: Limited Liquidity and Recourse. An investor's investment in a CLO is subject to the structure and terms of each CLO. Investors should have no expectation of a secondary market in notes issued by a CLO, or that markets would provide investors with liquidity. The notes issued by a CLO are limited recourse obligations; investors must rely on available collections from the collateral pledged by a CLO, as issuer, pursuant to the indenture, and will have no other source of payment.

Subordination. Payments on the senior-most class(es) of a CLO's securities or other instruments are subordinate to the payment of certain fees and expenses payable by us to other parties pursuant to the indenture. Payments of principal and interest on any junior



class of securities or other instruments are subordinated under the priority of payments to payments on any senior class of securities or other instruments. To the extent any losses are suffered by any securities or other instruments, those losses will be borne by each class of securities or other instruments in order of subordination. Accordingly, the subordinated classes of securities or other instruments are significantly more likely not to be paid in full and to be subject to 100% loss. In addition, the most subordinated class(es) of interests in a CLO's securities or other instruments represent highly leveraged investments and will be most affected by any changes of market value of the collateral, including, but not limited to, defaults, prepayments and other risks associated with the collateral.

Remedies. If an event of default occurs under a CLO indenture, the controlling class (generally the most senior class of notes then outstanding) will generally be entitled to determine the remedies to be exercised under the indenture. The interests of the controlling class of a CLO may be adverse to those of the subordinated classes, and in pursuing this interest the controlling class will have no obligation to consider any possible effect on other interests. In addition, the junior-most class of securities or other instruments is not generally entitled to exercise remedies under the indenture, nor is the trustee generally obligated to act on behalf of the holders of these securities or other instruments.

Sale of Collateral Upon Default on the Securities. If an event of default occurs under a CLO indenture, there can be no assurance that the proceeds of any sale of collateral will be sufficient to pay in full transaction expenses and principal and interest on the securities or other instruments.

Reinvestment Risk. In certain circumstances, certain funds will be reinvested in additional or substitute assets. A number of factors, including the need to satisfy certain reinvestment criteria set forth in the indenture, may result in a lower yield on additional or substitute assets. In addition, due to significant restrictions set forth in the CLO indenture on the ability to buy and sell collateral, the issuer may be unable to buy or sell obligations or take other actions which might be in the best interests of the security holders in the absence of these restrictions.

The prospectus for each CLO contains a discussion of various risk considerations that is more extensive in scope and depth than the foregoing summary.

## **6. Disciplinary Information**

There have been no legal or disciplinary events involving Bardin Hill or any of our executive officers that are material to an advisory client's or prospective advisory client's evaluation of our advisory business or the integrity of our management.

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

Our affiliates are investment advisory firms or the general partners (or similar entities) with respect to such investment advisory firms and the Bardin Hill Funds which we manage. Our affiliated relying advisers are listed in Item 1 of this brochure. The following affiliated entities act as general partners (or the equivalent) of the relevant Bardin Hill Funds: Bardin Hill Fund GP LLC, Bardin Hill Opportunistic Credit Fund II GP LLC, HCN GP LLC, and

Halcyon Vallée Blanche GP LLC.

We are also affiliated with Bardin Hill Arbitrage IC Management LP, which is separately registered as an investment adviser with the SEC and whose information is included in its own Form ADV.

We manage various Bardin Hill Funds, Managed Accounts, and CLOs. Our investment professionals participate in managing the portfolios of more than one advisory client and often work simultaneously for BHIP and one or more of its affiliated management companies. As a result, they do not devote their exclusive attention to any single management company or advisory client. Additionally, each of Bardin Hill's advisory clients has investment objectives, programs, strategies and positions that are similar or dissimilar to, or may conflict with those of, Bardin Hill's other advisory clients. Bardin Hill may, in its discretion, make investment recommendations and decisions for one advisory client that are the same as or different from those made by Bardin Hill with respect to any other advisory client.

The investment activities of one or more of Bardin Hill's advisory clients could result in the imposition of restrictions on the flexibility of other advisory clients. For example, if Bardin Hill obtains material non-public information concerning a company on behalf of an advisory client in connection with a privately negotiated transaction, our advisory clients may be unable to trade in securities of the same company in the public markets.

Bardin Hill's advisory clients may compete for investment opportunities or otherwise pursue different interests within the same portfolio companies, including investing in securities of the same companies with different seniority, participating in litigation, or pursuing activist tactics. In addition, such advisory clients may invest in companies that compete with, or have interests that are adverse to the interests of, the companies in a another advisory client's portfolio.

An affiliate of Bardin Hill provides sub-advisory services to registered investment companies, and requirements imposed by the Investment Company Act may indirectly result in some prohibitions and restrictions on the investment activities of Bardin Hill's advisory clients. Bardin Hill seeks to minimize restrictions when possible, consistent with applicable law and its internal policies, but our efforts may not be successful, and, as a result, restrictions may occur.

Bardin Hill's advisory clients may make and/or hold an investment in an issuer's securities or other instruments that may be *pari passu*, senior or junior in ranking to an investment in such issuer's securities or other instruments made and/or held by another advisory client. Investment in different tranches of an issuer's capital structure (or in the same tranche of an issuer's capital structure), in each case, by different advisory clients may present a conflict of interest if the issuer becomes insolvent, suffers financial distress or is subject to an extraordinary transaction, such as a merger. Bardin Hill has implemented proxy voting policies and investment screening procedures which aim to minimize these potential conflicts and will seek to manage any such potential conflicts in a manner that is fair and equitable to all advisory clients on an overall basis. The resolution of potential conflicts

may result in certain advisory clients receiving less beneficial treatment than if they were Bardin Hill's only clients. Certain of Bardin Hill's advisory clients may take positions that are adverse to other advisory clients, including with respect to litigation or corporate governance issues affecting positions in more than one advisory client managed by Bardin Hill is invested.

Allocation conflicts could arise as a result of our management of multiple advisory client accounts and investment activities undertaken by investment managers within Bardin Hill for their respective advisory clients. Where our advisory clients have different performance compensation provisions but pursue the same or similar strategies or subsets of strategies, Bardin Hill could arguably have an interest in favoring advisory clients that are most likely to pay the highest compensation. The potential to earn performance-based compensation could also provide an incentive to invest advisory client assets in an aggressive or speculative manner, but we believe our disciplined approach to portfolio construction and risk management seeks to minimize this potential conflict. Performance compensation for some advisory clients is based in part on unrealized gains and losses.

An affiliate of Bardin Hill acts as the general partner of each Bardin Hill Fund structured as a limited partnership, including master funds, and in such capacity, controls the relevant Bardin Hill Fund. None of the compensation, liquidity, or other terms of the commingled Bardin Hill Funds are negotiated at arm's length. However, Bardin Hill discloses to prospective investors the terms of its fees and performance-based compensation, as well as the other terms of an investment, in detail, in the Private Placement Memorandum relating to each commingled Bardin Hill Fund, and the investors may negotiate special terms through side letters.

Bardin Hill's Employees have invested in some Bardin Hill Funds in various amounts. Employees' investments in the Bardin Hill Funds typically are not subject to management fees or performance compensation but are subject to all other expenses of the relevant Bardin Hill Fund and the same liquidity terms as other investors. Employees typically invest indirectly in subordinated notes issued by Bardin Hill's CLOs. These notes have limited voting rights. The fees payable by the relevant CLO to Bardin Hill are not reduced as a result of any investment made by Employees; however, Bardin Hill typically rebates any such amounts to its Employees so that they do not effectively bear Bardin Hill's fees.

At times, Bardin Hill determines that a sale of positions from one advisory client to another is in the best interests of both accounts. This opportunity may arise, for example, when one advisory client account is being wholly or partially liquidated while another advisory client account has cash available for investment. Also, an affiliated manager with a strategy or mandate that differs from that of another affiliated manager may determine to buy or sell a position at a time when its affiliate determines that a transaction on the other side of the market is in its advisory clients' interests. These transactions with related parties are expected to expand the universe of opportunities that are available to our advisory clients and may result in more favorable pricing for both parties than would be available in the market (due to the ability to transact at a price that is between the current bid and offer quotations). However, not all advisory clients will necessarily derive a benefit from each of these transactions, and the advisory clients may have divergent interests. Moreover,

there may be uncertainties regarding the valuation of investments that are subject to these transactions. Where required by applicable law, governing documents, or in other appropriate circumstances as determined by Bardin Hill, we will seek advisory client consent (which can be granted by an independent representative appointed with respect to a Bardin Hill Fund) to engage in transactions in which participating accounts may have divergent interests. The following transactions generally will not be subject to approval requirements: (i) buying interests in or selling positions to another advisory client account managed by Bardin Hill or its affiliated management companies where Bardin Hill has verified the valuation of the interests and where the purchase or sale is in the best interests of each advisory client, (ii) rebalancing transactions for co-investing advisory clients, and (iii) actual or synthetic ownership or support of bank debt owned by our advisory client or an advisory client of an affiliated management company.

In addition to utilizing master-feeder structures for certain Bardin Hill Funds, we may pursue specialized investment strategies or opportunities for multiple advisory clients through dedicated investment subsidiaries managed or advised by Bardin Hill to facilitate co-investment. To the extent Bardin Hill or its affiliates receive any compensation from any such subsidiaries, the fees and performance compensation payable to Bardin Hill and our affiliates by our advisory clients will be reduced in the same amounts. The advisory clients participating in any co-investment vehicles may have different tax or other characteristics, potentially subjecting Bardin Hill to a conflict of interest in utilizing co-investment vehicles.

Bardin Hill often aggregates bank debt or other investments to be purchased by one of our advisory clients with bank debt or other investments to be purchased by other advisory clients managed by Bardin Hill. As a result, a single affiliated entity purchases bank debt or other investments and enters into participation agreements or other similar arrangements with our other advisory clients, allowing them to participate in the economic performance of the bank debt or other investments without actually owning the bank debt or other investments directly. Bardin Hill faces a theoretical conflict of interest in pricing these participations and typically uses the price paid by the issuing advisory client. Under the terms of participation arrangements, one or more advisory clients can be required to make future payments to another advisory client. If any other fund or account were to default on its respective obligations to the issuing advisory client, that advisory client could be adversely impacted. In addition, if the issuing advisory client were to act as the lender (or holder) of record with respect to any purchase of bank debt or other investments, it may have greater exposure to third-party claims than other advisory clients.

In connection with certain investments, Bardin Hill (acting on behalf of its advisory clients) appoints companies (the “Service Companies”), to act as the servicers of specific portfolios of assets or individual investments owned one or more advisory clients. The Service Companies may provide investment sourcing, structuring, monitoring, due diligence and other services with respect to these investments. These services are provided pursuant to a services agreement, a joint venture agreement between a special purpose vehicle owned by Bardin Hill’s advisory clients and the applicable Service Company or a similar arrangement. These agreements and arrangements provide for the payment of servicing or other fees to the Service Companies in consideration of the services rendered (and are in

addition to the management fees and performance compensation received by Bardin Hill and its affiliates). The fees paid to Service Companies are determined in accordance with one or more of the following methods: (i) a percentage of the value of the assets being serviced, (ii) a percentage of the capital commitment with respect to the assets being serviced, (iii) a percentage of the cash flows from the assets being serviced, (iv) a percentage of the net return from the assets being serviced or (v) a flat fee per asset serviced or service. Other bespoke fee arrangements may be made with Service Companies from time to time, including, without limitation, arrangements under which fees are calculated across more than one deal. Generally, compensation paid to the Service Companies does not follow a precise range or metric and will vary on a deal-by-deal basis. The Service Companies will often invest in a special purpose vehicle that ultimately invests in the transaction or is able to participate in the investment through other arrangements. The Service Companies will, in certain situations, not bear expenses associated with their investment in the transaction and therefore Bardin Hill's advisory clients will bear a disproportionate share of the transaction expenses.

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

- A. Bardin Hill has adopted a Code of Ethics in accordance with legal requirements. The Code of Ethics is designed to ensure that the interests of Bardin Hill and its Employees (including personal securities and other investment transactions) do not conflict with the interests (including transactions) of our advisory clients. The Code of Ethics is based on the principle that Bardin Hill and its Employees owe a fiduciary duty to our advisory clients and their investors. Thus, Employees must, among other things, (i) place the interests of our advisory clients and their investors first, (ii) avoid taking inappropriate advantage of their positions within Bardin Hill, and (iii) conduct their personal securities and other investment transactions in full compliance with the Code of Ethics. Policies adopted by Bardin Hill with which all Employees (and, in certain circumstances, members of their families and other related persons) must comply include, but are not limited to, preapproval of certain personal investment transactions by the Chief Compliance Officer or their designee, annual certification of compliance with the Code of Ethics, and requiring brokers to provide Bardin Hill with duplicate confirmations of all personal transactions and other periodic personal account statements. Bardin Hill provides a copy of its Code of Ethics to any advisory client, any investor, or any prospective advisory client or investor that requests one.
- B. Employees do not recommend to advisory clients, nor do they buy or sell for advisory clients, securities or other instruments in which they have a material financial interest (except for investing certain advisory clients' assets in Bardin Hill Funds, including in some instances as "seed" capital producing a track record for these funds, provided that no additional compensation is payable to Bardin Hill or any of our affiliates in connection with these investments unless permitted by the governing documents of the relevant advisory clients). In addition, Bardin Hill's Employees and related persons invest in some Bardin Hill Funds and, indirectly, in the securities issued by the CLOs. These investments could theoretically pose a conflict of interest with our other advisory clients because Employees may be motivated to allocate time, attention, and/or investment opportunities

to the investment vehicles in which they invest at the expense of other advisory clients. Bardin Hill has adopted written policies and procedures governing the allocation of investment opportunities among advisory clients in a fair and equitable manner.

- C. Bardin Hill has a comprehensive set of procedures in place to address potential conflicts that may arise between Employees and advisory clients when investing in the same securities or instruments and to align incentives properly. The Code of Ethics generally provides that, except as authorized in writing by the Chief Compliance Officer or their designee, no Employee may purchase or direct transactions for the purchase of securities of public and private issuers and other instruments in personal accounts (subject to certain limited exceptions that do not pose potential conflicts of interest). Moreover, no Employee may affect a transaction in a personal account on the day before, the same day, or the day after a day Bardin Hill is purchasing and/or selling that same security or instrument on behalf of an advisory client. Sales of securities or other instruments by any Employee are also subject to pre-approval from the Chief Compliance Officer or their designee, subject to limited exceptions.

The Code of Ethics also provides that all Employees must notify Bardin Hill of relevant existing personal accounts and obtain approval from the Chief Compliance Officer or their designee prior to the opening of such relevant new personal accounts. Copies of confirmations of all relevant personal transactions and any other information reflecting account or transactional activity involving personal accounts must be provided to Bardin Hill. In the limited circumstances in which personal trading activities are permitted, the Chief Compliance Officer or their designee reviews and approves all relevant proposed transactions involving personal accounts prior to execution. The Chief Compliance Officer or their designee also conducts a quarterly review of relevant personal accounts to examine trades executed during the previous quarter and related statements to determine whether all the accounts are maintained in compliance with the requirements and restrictions described above. Violations of the Firm's policies are subject to disciplinary action, including dismissal.

## **9. Brokerage Practices**

In selecting broker-dealers and determining the reasonableness of their commissions for our advisory clients' transactions, Bardin Hill takes into account a number of factors, including the following: ability to secure future investment opportunities; quality and reliability of brokerage services; commissions or other fees for executing the orders; price; the broker's or dealer's facilities; financial responsibility; the ability of the broker or dealer to effect transactions, particularly with regard to aspects such as timing, order size, and execution of orders; and the research and other investment-related services provided by the broker or dealer to Bardin Hill in compliance with Section 28(e) of the Securities Exchange Act of 1934, as amended (or in the case of certain instruments for which the "safe harbor" is not available, Bardin Hill will evaluate the amount of spread charged in relation to the value of the research and other brokerage services provided) to enhance its general portfolio management capabilities, notwithstanding the fact that specific advisory clients may not be direct or exclusive beneficiaries of these services. Bardin Hill executes trades for advisory clients with broker-dealers with which Bardin Hill has other business

relationships, including prime brokerage, credit relationships, and capital introduction relationships and investment relationships whereby affiliates of the broker-dealers invest in our advisory clients. We do not take advisory client or investor referrals into account in selecting broker-dealers.

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

Bardin Hill has a Broker Review Committee that meets quarterly to address our obligation to seek best execution in trading activities for the benefit of all advisory clients. The Bardin Hill Broker Review Committee, the members of which include various Employees, reviews internally generated records and externally prepared reports bearing on the selection of broker-dealers, including the approved list of executing brokers, commission reports, gift and entertainment logs, reports analyzing Bardin Hill’s use of broker-dealers, and a report containing the results of a broker vote by certain of Bardin Hill’s investment professionals.

The research services that broker-dealers might provide include written information and analyses concerning specific investments, companies, or sectors; market, financial, and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. In some cases, research services that are generated by third parties may be provided by or through the brokerage firm to which commissions are paid. Using advisory client transactions to obtain research and other benefits which Bardin Hill does not have to buy or produce on its own may create incentives that could result in conflicts of interest. When Bardin Hill uses advisory client markups or markdowns to obtain research products and services, it receives a benefit because it does not have to produce or pay for the research products and services. The availability of these benefits creates the potential that we might be influenced to select one broker-dealer rather than another to perform services for advisory clients based on our interest in receiving the products and services rather than on our advisory clients’ interest in receiving the best execution prices. Obtaining these benefits may cause our advisory clients to pay higher fees than those charged by other broker-dealers. To mitigate risks of conflicts of interest, Bardin Hill does not permit advisory clients to direct us to execute transactions through a specified broker-dealer.

## Trade Aggregation and Allocation

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

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



applicable law, advisory clients' portfolios may be rebalanced from time to time to reflect capital changes.

Prior to making any bank loan trade, in addition to the factors listed above, Bardin Hill may consider specific loan parameters when determining allocation for each advisory client, including, but not limited to, minimum denominations and bank debt fees, and may conduct trade testing prior to the trade in order to determine a permissible and appropriate allocation for each advisory client. Trade tests may involve a review of a variety of applicable factors such as constraints on product types, currency, maturity limits, ratings, positional limits, and geographic or industry considerations and are typically performed prior to contacting the agent bank and again on the trade date to confirm account eligibility. In general, in determining whether a position is suitable for an advisory client account, Bardin Hill's Portfolio Managers and bank loan traders consider appropriate adjustments for ramping vehicles, the term of relevant investment vehicles, advisory client accounts which may be failing or at risk of failing one or more trade tests, liquidity concerns of various accounts, and other factors as appropriate. Bardin Hill seeks to avoid allocations that would result in odd lots or positions less than standard incremental amounts or minimum assignments, which could be difficult to liquidate.

#### Trade Errors

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

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

## **10. Review of Accounts**

- A. Bardin Hill has adopted policies regarding and has formed committees responsible for the review of its advisory clients' portfolios. In constructing portfolios, the Portfolio Managers of the relevant Bardin Hill entity apply both bottom-up and top-down considerations, limiting risk of individual positions according to various shock-drawdown scenarios and

taking into account macroeconomic and market conditions. Portfolios are hedged at the position level as well as the portfolio level. Exposure to equity and credit markets, commodity markets, currency, and sector risk are considered in this context. Equity market-based hedges are typically largely out-of-the money, the purpose being to purchase effective “drawdown insurance” at a reasonable cost.

For Bardin Hill entities (other than BHLDR) two separate bodies meet regularly to oversee the risk management processes. The independent Risk Management Committee, chaired by the Chief Financial Officer, conducts a rigorous bottom-up, position-based risk analysis. On a continual, as-needed basis, and at least bi-monthly, research analysts provide input on the positions for which they are responsible to the Risk Management Committee, which independently evaluates the shock-drawdown risk associated with each position. To the extent the Risk Management Committee disagrees with a research analyst with respect to downside scenarios, the research analyst must provide support to justify the position. If the Risk Management Committee cannot come to an agreement with the research analyst on the potential downside, it must immediately consult with the relevant Portfolio Managers. Moreover, in addition to communicating any such findings to the relevant Portfolio Managers, the independent Risk Management Committee makes the final determination with respect to their risk analysis.

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

The BHLM Risk Oversight Committee conducts a rigorous analysis of the vehicles on a continual, as needed basis in addition to regularly scheduled monthly meetings. The BHLM Risk Oversight Committee has a four-pronged approach which considers portfolio construction, portfolio maintenance, portfolio performance, and scenario analysis (i.e., stress testing). The portfolio construction component includes consideration of ratings and facility sizes. The portfolio maintenance component is a two-step process requiring notifications of certain events and triggered meetings of the BHLM Risk Oversight Committee for others. On a monthly basis, the portfolio performance analysis considers CLO defined metrics, as well as relative performance and trend data. Finally, scenario analysis is conducted, stressing portfolios for downgrades and price declines.

The BHIP Risk Oversight Committee oversees risk management for all BHLDR positions and portfolios. Members of the Risk Oversight Committee review limits to position size, industry and sector exposure and other risk/reward metrics for these positions. The Committee also considers the more significant risks among these investments, taking into account macroeconomic conditions, the regulatory framework and the political climate.

Bardin Hill's Investment Committees consist of Portfolio Managers and investment analysts. The Investment Committees review relevant advisory clients' investments on a regular basis and make recommendations on behalf of each portfolio.

Bardin Hill also actively manages counterparty, technology, and operational risk as well as conflicts of interest through various committees, including the Risk Management and Risk Oversight Committees, Investment Committees of the relevant managers, Valuation Committee, Systems and Information Technology Committee, Expense Committee, Broker Review Committee, Responsible Business and Investment Committee, and Conflicts Committee.

- B. Reports are provided regularly to investors in the commingled Bardin Hill Funds. Generally, on a monthly or quarterly basis, as applicable, Bardin Hill or the administrator to the Bardin Hill Funds provides to all investors in these funds statements with figures including the opening capital account balance or net asset value, performance and an ending capital balance or net asset value. For such funds, Bardin Hill also prepares a quarterly commentary which discusses the fund's portfolio and performance. This commentary may include additional portfolio information. Additionally, annually, investors in Bardin Hill Funds receive financial statements that have been audited by an independent certified public accountant.

Pursuant to the indenture governing the notes issued by the CLOs, the trustee is required to make certain monthly and other periodic reports regarding the collateral. However, some CLOs do not provide annual reports. Bardin Hill assists the trustee in preparing periodic reports as required by the indenture and the collateral management agreement between us and the relevant CLO.

Bardin Hill provides its Managed Account advisory clients and single investor Bardin Hill Funds with financial and other information as may be agreed with respect to each of these advisory clients. Single investor Bardin Hill Funds are also subject to an annual audit.

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

- A. Neither Bardin Hill nor any Employee receives any economic benefit from non-clients for providing advisory services to our advisory clients.
- B. Bardin Hill has entered into arrangements with third-party placement agents, each of which is a registered broker-dealer (unless otherwise permitted by law), with respect to certain Bardin Hill Funds. Bardin Hill bears any placement agent fees, unless an investor in a Bardin Hill Fund or a Managed Account specifically agrees to bear a placement agent fee. If a placement agent solicits advisory client accounts for Bardin Hill, the placement agent must advise the prospective advisory clients of the arrangement between Bardin Hill and the agent and of any fees associated with the arrangement as required pursuant to applicable regulations. In addition, certain Bardin Hill Funds are currently offered through platforms sponsored by unaffiliated financial institutions. These arrangements may provide for direct compensation payable by Bardin Hill to platform arrangers and/or variations in compensation payable to Bardin Hill or its affiliates by platform investors in these Bardin

Hill Funds. Certain Managed Accounts are subject to additional compensation payable by investors in these Managed Accounts to an unaffiliated institutional sponsor of the relevant Managed Accounts.

An unaffiliated trustee engages services of investment banks that act as underwriters and in some instances, placement agents, in connection with the offering of notes by the CLOs. None of Bardin Hill or its related persons directly or indirectly compensates investment banks in connection with their underwriting or placement agent services.

## **12. Custody**

Due to Bardin Hill's access to advisory client funds and securities as general partner or manager of the Bardin Hill Funds as well as our authority to deduct fees and other expenses from these advisory client accounts, we are deemed to have constructive custody of their funds and securities within the meaning of Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended. Bardin Hill utilizes the services of unrelated financial institutions or other qualified custodians (as defined in Rule 206(4)-2) to hold all funds and securities of the Bardin Hill Funds, with the exception of certain privately offered securities, as permitted by Rule 206(4)-2. We require that the qualified custodian maintains these funds and securities in accounts that contain only these advisory clients' funds and securities, under our name as agent or trustee for the relevant Bardin Hill Fund. We also comply with the requirements of Rule 206(4)-2 with respect to the annual audit (performed in accordance with generally accepted accounting principles by an independent public accounting firm) and the distribution of audited financial statements to investors in the Bardin Hill Funds within 120 days of the end of their respective fiscal years.

Neither Bardin Hill nor its affiliates have actual or constructive custody of any CLOs' or Managed Accounts' securities or funds, with the exception of certain privately offered securities, as permitted by Rule 206(4)-2.

Each CLO and Managed Account establishes accounts with its own qualified custodian and receives account statements directly from the qualified custodian. Neither Bardin Hill nor any of our affiliates have authority to deduct fees or other amounts from these advisory clients. We urge investors in our advisory clients to carefully review the statements they receive from their qualified custodians and compare them with the periodic reports we issue.

## **13. Investment Discretion**

### Scope of Authority

Bardin Hill accepts discretionary authority to manage advisory clients' assets, except as may be otherwise agreed with respect to certain Managed Accounts. We have the authority to determine, without obtaining specific advisory client consent, which securities, other investments, and collateral assets to buy or sell, the amount of securities, other investments, and collateral assets to buy or sell, the price at which a security, investment, or collateral asset is purchased or sold, the broker or dealer through which we effect trades, if any, and the commission rates at which we effect trades. While we have been given this broad

authority, Bardin Hill is committed to adhering to the investment strategy and program set forth in the relevant Private Placement Memorandum, CLO's offering circular, and/or other operating agreements of each Bardin Hill Fund. Bardin Hill's discretion over the Managed Accounts and single investor Bardin Hill Funds is generally limited by investment guidelines negotiated with each of these advisory clients. Investment guidelines may also include legal and regulatory restrictions in light of the nature of the relevant advisory client (e.g., UCITS portfolios). Bardin Hill has processes and procedures in place to verify that it is complying with advisory client-imposed restrictions and adhering to each advisory client's investment strategy and objectives.

With respect to certain Bardin Hill non-discretionary advisory clients, Bardin Hill provides ongoing investment recommendation and advice and has discretionary authority to execute any transactions subject to prior advisory client approval of the investment name and size.

#### Procedures for Assuming Authority

Before accepting their subscriptions for interests, we provide all investors in the Bardin Hill Funds with a Private Placement Memorandum and/or governing documents that set forth, in detail, our investment strategy and program and the terms of investment for investors, including the scope of our investment authority. By completing the subscription documents to acquire an interest in a commingled Bardin Hill Fund and/or executing the operating agreement for a single investor Bardin Hill Fund, each investor consents to the terms and conditions in the operating agreements that give Bardin Hill complete authority to manage Bardin Hill Funds' investments in accordance with the Private Placement Memorandum and/or the operating agreements. Prior to providing investment advice to our Managed Accounts, we typically require each advisory client to appoint us as discretionary agent and attorney-in-fact of each portfolio that we manage for them. This gives us complete discretionary authority to buy and sell any securities and other instruments in the amounts and at the prices that we determine. With respect to some Managed Accounts, our investment authority may be subject to advisory client approval to a certain degree and non-discretionary.

The prospectus and other governing documents of each CLO set forth, in detail, the investment strategy, portfolio limitations, and the terms of the notes, including the scope of our investment authority. The collateral management agreements of the CLOs contain provisions relating to our investment authority. The note holders purchase notes subject to the terms and conditions in the governing documents that give us complete authority to manage CLOs' collateral.

## **14. Voting Client Securities**

#### Proxy Voting Policy

Bardin Hill's policy is to review each proxy or information statement on an individual basis and to base its voting or consent decision on its judgment about what will best serve the interests of its advisory clients. In determining how or whether to vote proxies or provide consents, Bardin Hill will not subordinate the economic interests of its advisory clients to

the interests of other persons or to Bardin Hill's self-interest. Decisions will be made by relevant Portfolio Managers and based on the financial interest of each advisory client in light of the specific applicable investment strategy. Each proxy proposal will be considered on its own merits, and an independent determination will be made whether to support or oppose management's position. Additionally, in certain circumstances, Bardin Hill may determine that it is in the best interests of its advisory clients not to vote or consent or that a vote or consent is not required, for example, where the advisory clients' holdings are *de minimis*, when the proxy vote covers only routine corporate business, or where the advisory clients' positions were liquidated between the record date and the vote deadline.

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

If no material conflict exists, or upon resolution of a conflict, a member of the relevant Investment Committee will, in accordance with Bardin Hill's fiduciary duties, make a determination as to how to vote the proxy and communicate the decision to the research analyst. The research analyst will then communicate the decision by the member of the relevant Investment Committee to the Operations Manager, typically prior to the close of business on the day prior to the vote deadline. The Operations Manager transmits the proxy vote or consent via [www.proxyvote.com](http://www.proxyvote.com) and saves confirmation of the vote or consent from the website. Upon receipt of said confirmation, the Operations Manager forwards the confirmation to the Chief Compliance Officer or their designee. The Chief Compliance Officer or their designee retains this information for seven years from the date the proxy vote or consent is executed.

In the event Bardin Hill votes a private amendment to a loan agreement, it will do so in accordance with Bardin Hill's written policies, which generally require the Operations Manager to follow the voting instructions given by the relevant Portfolio Managers or other investment professionals, or, in the absence of such instructions, the Operations Manager will follow the guidelines set forth in Bardin Hill's policies.

#### Recordkeeping

Bardin Hill maintains the following records relating to proxy voting: copies of our proxy

voting policies and procedures and any amendments; proxy statements received for advisory client securities and other assets; records of proxy votes cast on behalf of our advisory clients; records of written requests from advisory clients and investors therein for proxy voting information and our written responses to any written or oral requests; and any documents that our Employees prepared that were material to deciding how to vote proxies or that memorialize the basis for a proxy vote. Upon request, any of our advisory clients or any of the investors in our advisory clients can obtain (1) a copy of our proxy voting policies and procedures and (2) information concerning proxy votes on its behalf. Bardin Hill maintains records of votes cast in connection with private amendments to loan agreements in the same manner as proxy votes.

## **15. Financial Information**

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