

Form ADV Part 2A



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This Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of BlueMountain Fuji Management, LLC (“BlueMountain Fuji”). If you have any questions about the contents of this Brochure, please contact Andrea Sayago, Chief Compliance Officer, at 212-895-2280 and/or at compliance@soundpointcap.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about BlueMountain Fuji also is available on the SEC’s website at www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with BlueMountain Fuji who are registered, or are required to be registered, as investment adviser representatives of BlueMountain Fuji.

Although BlueMountain Fuji is registered as an investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”), such registration does not imply that BlueMountain Fuji or its personnel have a certain level of skill or training.

Item 2 – Material Changes

If you are amending your *brochure* for your annual update and it contains material changes from your last annual update, identify and discuss those changes on the cover page of the *brochure* or on the page immediately following the cover page, or as a separate document accompanying the *brochure*. You must state clearly that you are discussing only material changes since the last annual update of your *brochure*, and you must provide the date of the last annual update of your *brochure*.

This **Item 2** includes only material changes since the annual update of this Part 2A of Form ADV in March 2023.

On July 1, 2023, Assured Guaranty Ltd. (“AGL”), the parent company and owner of 100% of the equity interests in Sound Point Luna LLC (f/k/a Assured Investment Management LLC) (“SPL”), contributed substantially all of its asset management business (other than Assured Healthcare Partners LLC) to Sound Point Capital Management, LP (“Sound Point”) in exchange for a thirty percent (30%) equity interest in Sound Point and its combined business (the “Transaction”). The Transaction resulted in a change in control of SPL and an assignment for purposes of the Sub-Advisory Agreement by and between BlueMountain Fuji and Assured Investment Management LLC. In connection with the Transaction, certain portfolio managers and officers, including the Chief Compliance Officer, of BlueMountain Fuji also changed under the Personnel and Services Agreement, and SPL appointed a replacement member to the Board of Managers of BlueMountain Fuji. – The assignment and personnel changes were approved by BlueMountain Fuji’s Board of Managers on June 30, 2023. The Transaction will not alter BlueMountain Fuji’s continued operation on a standalone basis and SPL will continue to provide the same sub-advisory services under the Sub-Advisory Agreement that it has provided historically to BlueMountain Fuji with respect to the management of BlueMountain Fuji’s CLO portfolio.

Andrea Sayago has been appointed the new Chief Compliance Officer of BlueMountain Fuji effective July 1, 2023. Ms. Sayago also serves as the Chief Compliance Officer to Sound Point and SPL as well as other affiliated advisors of Sound Point.

As a result of the Transaction, BlueMountain Fuji moved its principal place of business to 375 Park Avenue, 33rd Floor, New York, NY 10152.

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Item 4 – Advisory Business

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

BlueMountain Fuji, a Delaware series limited liability company, is an investment adviser registered with the SEC. The firm has been in business since 2015, when it was founded to serve as the investment adviser and collateral manager to collateralized loan obligations (such obligations that are managed by BlueMountain Fuji, “CLOs”).

BlueMountain Fuji has \$3,701,070,000¹ in regulatory assets under management.² BlueMountain Fuji provides investment management, collateral administration and supervisory services to the CLOs on a discretionary basis. BlueMountain Fuji has engaged Sound Point Luna, LLC (f/k/a Assured Investment Management, LLC) (“SPL”) to provide non-discretionary investment advice with respect to the CLOs (each an “Advisory Client” and collectively the “Advisory Clients”), as well as certain operational, administrative and compliance related services and personnel to BlueMountain Fuji, including, without limitation, personnel that act as BlueMountain Fuji’s portfolio managers and Chief Compliance Officer.

On May 20, 2021, certain funds affiliated with Blackstone Alternative Solutions L.L.C. (the “Blackstone Purchasers”) purchased 100% of the issued and outstanding limited liability company interests of BlueMountain Fuji (the “Fuji Acquisition”). Following the Fuji Acquisition, BlueMountain Fuji is 100% owned by the Blackstone Purchasers. Concurrently with its acquisition by the Blackstone Purchasers, BlueMountain Fuji entered into (a) a Sub-Advisory Agreement and (b) a Personnel and Services Agreement with SPL such that SPL provides non-discretionary investment advisory and administrative services to BlueMountain Fuji for a fee, similar to the arrangement BlueMountain Fuji had with SPL prior to such acquisition. The Blackstone Purchasers have the right to appoint two of the three members of BlueMountain Fuji’s Board of Managers (the “Board”) and pursuant to the Sub-Advisory Agreement by and between SPL and BlueMountain Fuji, SPL has the right to appoint the third member. This arrangement between BlueMountain Fuji and SPL can only be terminated in very limited circumstances, including for cause.

The Blackstone Purchasers are not involved in the day-to-day management of BlueMountain Fuji’s CLO portfolio, and measures to address information flows and potential conflicts have been implemented as between the Blackstone Purchasers, on one side, and BlueMountain Fuji and SPL, on the other side.

As noted in **Item 2**, on July 1, 2023, Assured Guaranty Ltd. (“AGL”), the parent company and owner of 100% of the equity interests in SPL, contributed substantially all of its asset management business (other than Assured Healthcare Partners LLC) to Sound Point Capital Management, LP (“Sound Point”) in exchange for a thirty percent (30%) equity interest in Sound Point and its combined business (the “Transaction”). The Transaction resulted in a change in control of SPL and an assignment for purposes of the Sub-Advisory Agreement referenced above. In connection with the Transaction, certain portfolio managers and officers, including the Chief Compliance Officer of BlueMountain Fuji, also changed under the Personnel and Services Agreement, and SPL appointed a replacement member to the Board of Managers of BlueMountain Fuji. The assignment and personnel changes were approved by the Board on June 30, 2023. The Transaction will not alter BlueMountain Fuji’s continued operation on a standalone basis and SPL will continue to provide the same sub-advisory services under the Sub-Advisory Agreement that it has

¹ Based on December 31, 2022 data.

² Assets under management include, with respect to each CLO, the aggregate value of collateral held by the CLO as well as available cash.

provided historically to BlueMountain Fuji with respect to the management of BlueMountain Fuji's CLO portfolio.

B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

BlueMountain Fuji's advisory business is focused on the management of CLOs, including the collateral obligations and related investments comprising such CLOs, which predominantly consist of below investment grade leveraged loans. BlueMountain Fuji provides investment advisory services to CLOs under the terms of an investment management agreement, collateral management agreement and/or an indenture. Each such agreement may impose significant limitations on the types of securities and other investments which may be acquired by the relevant CLO.

The CLOs are neither registered under the Securities Act of 1933, as amended, nor registered under the Investment Company Act of 1940, as amended. Accordingly, interests in the CLOs are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions. No offer to sell interests in these CLOs is made by the descriptions in this Brochure. Please see **Item 7** of this Brochure for more information with respect to BlueMountain Fuji's clients.

C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.

The advisory services provided by BlueMountain Fuji to its CLOs are tailored to the investment objectives, investment strategy and investment restrictions, if any, as set forth in the indentures or other governing documents of CLOs and/or the investment management agreement or collateral management agreement entered into by BlueMountain Fuji with such CLOs.

Each CLO from time to time may enter into agreements ("Side Letters") with one or more of its investors whereby in consideration for agreeing to invest certain amounts in a CLO and/or other consideration deemed sufficiently material, such investors may be granted favorable rights not afforded other investors in such CLO. Such rights may include one or more of the following: rights to receive additional representations and/or covenants by the CLO and/or BlueMountain Fuji; rights to receive certain information not typically provided to other investors that BlueMountain Fuji believes are not prejudicial to other investors; rights to receive reduced rates of fees earned by BlueMountain Fuji, directly or indirectly through a rebate or reimbursement arrangement; and such other rights as are negotiated between such CLO and BlueMountain Fuji without the consent of other investors in such CLO; additionally, such agreements usually need not be disclosed to other investors in such CLO.

D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.

BlueMountain Fuji does not participate in "wrap fee arrangements," whereby clients select BlueMountain Fuji to manage funds through an investment program presented to the clients by a third-party program sponsor.

E. If you manage *client* assets, disclose the amount of *client* assets you manage on a *discretionary basis* and the amount of *client* assets you manage on a *non-discretionary basis*. Disclose the date “as of” which you calculated the amounts.

BlueMountain Fuji has \$3,701,070,000 in regulatory assets under management (based on December 31, 2022 data). All assets under management are managed by BlueMountain Fuji on a discretionary basis.

Item 5 – Fees and Compensation

A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

BlueMountain Fuji is compensated for its advisory services generally through a management fee charged to the CLOs. Such management fee is typically made up of two components (i.e., a “Senior Investment Management Fee” of 0.15% as well as a “Subordinated Investment Management Fee” of 0.35%, in each case, of the net assets of the CLO, per annum), which fee is typically payable quarterly in arrears (i.e., 1/4 of the aggregate annual management fee of 0.50% of the net assets³ of each CLO becomes payable to BlueMountain Fuji following the end of each calendar quarter); however, the management fee structure and terms may vary among different CLOs.

Pooled investment vehicles and other accounts that are managed by SPL’s parent company Sound Point (including affiliates thereof) (referred to herein as “SPCM Clients”) may also invest in the CLOs. To the extent that a SPCM Client’s CLO investment is subject to such management fees (described above) or performance-based fees (described below), a portion of the amount of such fees paid to BlueMountain Fuji is subject to rebate or offset by Sound Point in favor of such SPCM Clients.

As previously stated, BlueMountain Fuji has entered into a Sub-Advisory Agreement and a Personnel and Services Agreement with SPL whereby SPL provides non-discretionary investment advice with respect to the CLOs as well as certain shared personnel and services associated with the management of the CLOs, including personnel that act as BlueMountain Fuji’s portfolio managers and Chief Compliance Officer; access to research analysts; office space; back office services such as loan settlement and legal and compliance services; and performance of trade executions upon instruction from BlueMountain Fuji. Such services also include services provided through SPL’s parent company, Sound Point and/or affiliates thereof. SPL receives a fee as compensation for the services it provides pursuant to these agreements.

In addition to management fees, performance compensation is payable to BlueMountain Fuji on a quarterly basis with respect to each CLO, typically 20% of excess cash flow available after paying liability costs and expenses once a pre-determined hurdle return has been realized; however, the performance compensation structure and terms applicable to a CLO may differ from other CLOs, including with respect to CLOs which BlueMountain Fuji manages in the future. See **Item 6** for further information with respect to performance compensation.

BlueMountain Fuji reserves the right to waive or reimburse some or all fees for certain investors in CLOs. As explained above in **Item 4**, BlueMountain Fuji enters into Side Letters with certain CLO investors, pursuant to which such investors are granted favorable rights not granted to other investors in the CLO including, among other things, rights to receive reduced rates of, or reimbursement of, performance compensation and/or management fees earned by BlueMountain Fuji.

Other fees payable by investors in CLOs are described below.

CLO investors and prospective investors in CLOs should refer to the offering circular or other offering documents of the respective CLO for detailed information with respect to the fees associated with such

³ The net assets of a CLO generally include the aggregate value of the CLO’s collateral plus available cash. The management fee is typically paid from interest revenue, which is segregated from other CLO cash at the time of such management fee payment.

CLO. The information contained herein is intended as a summary of such offering documents and is qualified in its entirety by such documents.

B. Describe whether you deduct fees from *clients*' assets or bill *clients* for fees incurred. If *clients* may select either method, disclose this fact. Explain how often you bill *clients* or deduct your fees.

Management fees and performance compensation are generally remitted by the independent trustees of the CLOs on behalf of the respective CLOs to BlueMountain Fuji pursuant to the terms of the applicable indenture and investment management agreement between the parties.

Management fees and performance compensation may be (and have been) waived or modified in the sole discretion of BlueMountain Fuji and/or its affiliates.

CLO investors and prospective investors in CLOs should refer to the offering circular or other offering documents of the respective CLO for detailed information with respect to how fees are paid with respect to their assets. The information contained herein is intended as a summary of such offering documents and is qualified in its entirety by such documents.

C. Describe any other types of fees or expenses *clients* may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that *clients* will incur brokerage and other transaction costs, and direct *clients* to the section(s) of your *brochure* that discuss brokerage.

BlueMountain Fuji's fees are exclusive of the CLOs' own organizational (which may be amortized over a period of time, as set forth in the offering documents of each applicable CLO), operating and other expenses including (without limitation): (i) investment related expenses (including without limitation, interest expenses, hedging expenses and costs associated with identifying, evaluating, valuing, structuring, monitoring, holding, purchasing, selling, warehousing investments and potential investments (whether or not completed)), (ii) audit expenses, (iii) trustee, rating agency and administration fees and expenses, (iv) legal and accounting expenses, (v) expenses related to research services and data feeds, (vi) insurance and director fees and (vii) taxes.

Execution of CLO transactions typically requires payment of a bid/ask spread or brokerage commissions by the CLO. **Item 12** below describes the factors that BlueMountain Fuji considers in selecting or recommending broker-dealers for the execution of transactions and determining the reasonableness of their compensation (e.g., commissions). Investment activity also involves other transaction fees payable by CLOs, such as sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In addition, CLOs incur certain charges imposed by custodians, broker-dealers, third-party investment consultants, and other third parties, such as custodial fees, consulting fees, administrative fees and transfer agency fees.

CLO investors and prospective investors in CLOs should refer to the offering circular or other offering documents of the respective CLO for detailed information with respect to the fees and expenses they may pay in connection with an investment in such CLO. The information contained herein is intended as a summary of such offering documents and is qualified in its entirety by such documents.

D. If your *clients* either may or must pay your fees in advance, disclose this fact. Explain how a *client* may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

Management fees applicable to the CLOs are paid in arrears (i.e., such fees are not pre-paid) as described in the applicable indenture and investment management agreement between such CLO and BlueMountain Fuji.

CLO investors and prospective investors in CLOs should refer to the offering circular or other offering documents of the respective CLO for detailed information with respect to the fees and expenses they may pay in connection with an investment in such CLO and the redemption terms applicable to such investment. The information contained herein is intended as a summary of such offering documents and is qualified in its entirety by such documents.

E. If you or any of your *supervised persons* accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.

- 1. Explain that this practice presents a conflict of interest and gives you or your *supervised persons* an incentive to recommend investment products based on the compensation received, rather than on a *client's* needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to *clients*. If you primarily recommend mutual funds, disclose whether you will recommend “no-load” funds.**
- 2. Explain that *clients* have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.**
- 3. If more than 50% of your revenue from advisory *clients* results from commissions and other compensation for the sale of investment products you recommend to your *clients*, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.**
- 4. If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.**

Neither BlueMountain Fuji nor its personnel receive, directly or indirectly, any compensation from the sale of securities or investments that are purchased or sold for CLO accounts. BlueMountain Fuji is compensated through the stated management fees and performance compensation agreed upon in the governing documents of the respective CLO.

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

If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

As described in **Item 5**, BlueMountain Fuji receives performance-based compensation for investment management services provided to CLOs. Such performance-based compensation arrangements are typically subject to a realized return hurdle for the equity investors in a CLO. After the hurdle, which is generally 12%, has been met, BlueMountain Fuji receives 20% of cash available each quarter after fees, expenses and liability costs are paid; however, the performance compensation structure and terms may vary among different CLOs.

Performance-based compensation creates certain inherent conflicts of interest with respect to BlueMountain Fuji's management of assets. Specifically, BlueMountain Fuji's entitlement to performance-based compensation in managing one or more accounts may create an incentive for BlueMountain Fuji to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation.

BlueMountain Fuji does not manage accounts that are charged performance-based fees alongside accounts that are charged only asset-based fees (i.e., fees based simply on the amount of assets under management in an account). Accordingly, BlueMountain Fuji does not consider its fee structure to present any conflicts of interest in this respect. As a general matter, since performance-based fees reward an adviser for strong performance in accounts subject to such fees, an adviser may have an incentive to favor these accounts over those that have only asset-based fees with respect to areas such as trading opportunities, trade allocation, and allocation of new investment opportunities.

To maintain fair and equitable treatment of all of its CLOs' accounts, BlueMountain Fuji has implemented controls to further its efforts to treat all accounts fairly, regardless of their corresponding fee-structure. BlueMountain Fuji maintains and adheres to written guidelines on the allocation of investment opportunities that apply to the CLOs. As explained below, BlueMountain Fuji believes that its allocation guidelines, along with other existing controls, provide an environment that fosters the fair and equitable treatment of all accounts managed by BlueMountain Fuji, regardless of fee structure.

Side-by-Side Management

BlueMountain Fuji's investment professionals simultaneously manage portfolios for CLOs that implement comparable investment strategies (i.e., side-by-side management).

BlueMountain Fuji serves as the collateral manager to the Fuji CLOs and has engaged SPL to provide non-discretionary investment advice with respect to the Advisory Clients as well as certain operational, administrative and compliance related services and personnel to BlueMountain Fuji, including, without limitation, personnel that act as BlueMountain Fuji's portfolio managers and Chief Compliance Officer, in exchange for a fee. The terms of such arrangement are governed by the Sub-Advisory Agreement and Personnel and Services Agreement between BlueMountain Fuji and SPL.

As a result of this arrangement, BlueMountain Fuji and SPL share certain personnel. Certain investment professionals associated with BlueMountain Fuji are actively involved in other investment activities not concerning its Advisory Clients and therefore will not be able to devote all of their time to its Advisory Clients' business and affairs.

BlueMountain Fuji is required to act in a manner that it considers fair, reasonable, and equitable in allocating investment opportunities to the Advisory Clients. BlueMountain Fuji's allocation guidelines are written guidelines intended to ensure that investment opportunities are allocated on a fair and equitable basis among CLO accounts (as well as the other Advisory Clients). Such allocation guidelines set forth (i) methods of investment opportunity purchase and sale allocations applicable to each CLO and (ii) allocation methods which determine how partially-filled orders are divided among CLO accounts. A series of tests are performed to ensure that investment opportunities are allocated in conformity with these guidelines. Although BlueMountain Fuji has a duty to treat all CLOs fairly and equitably over time, such CLOs will not necessarily be managed in the same manner at all times. Specifically, there is no requirement that BlueMountain Fuji use the same investment practices consistently across all CLOs. In general, investment decisions for each CLO will be made independently from those of other Advisory Clients and will be made with specific reference to the individual needs and objectives of each CLO. Different CLO guidelines may lead to the use of different investment practices for different CLOs. In addition, BlueMountain Fuji will not necessarily purchase or sell the same securities or other instruments at the same time or in the same proportionate amounts for all eligible CLOs, particularly if different CLOs have materially different amounts of capital under management by BlueMountain Fuji or different amounts of investable cash available.

SPL is under common control with Sound Point CLO C-MOA, LLC ("SP C-MOA") and Sound Point Commercial Real Estate Finance LLC ("SPCREF"), both SEC Registered Investment Advisers, as well as Sound Point CRE Management, LP ("CRE") and SPCRE InPoint Advisors, LLC ("SPCRE"), both SEC Exempt Reporting Advisers. In general, this Brochure does not include information about Sound Point, SP C-MOA, SPCREF, CRE or SPCRE or their respective advisory businesses, which are summarized in each of their respective Form ADV Parts 1 and 2 (as applicable).

Sound Point, SP C-MOA and SPL all provide collateral manager services to collateralized loan obligations. Although Sound Point, SPL, and SP-C-MOA (together, the "SPL Group", and the employees and other personnel of such entities subject to their compliance programs, the "Covered Persons") manage numerous portfolios with comparable investment objectives to the CLOs, the portfolio decisions relating to these CLOs, and the performance resulting from such decisions, may differ from portfolio to portfolio.

The simultaneous management of these different investment products creates certain potential conflicts of interest and the possibility of favorable or preferential treatment of a portfolio or a group of portfolios, as the fees for the management of certain types of products are higher than others or the investors in a certain portfolio or group of portfolios are subsidiaries of Sound Point. Because side-by-side management raises such issues, and because BlueMountain Fuji has an affirmative duty to treat all its CLOs fairly and equitably over time, BlueMountain Fuji has instituted controls, including its allocation guidelines, in an effort to ensure that it fulfills this duty.

As a result, although BlueMountain Fuji, the SPL Group and Covered Persons manage numerous portfolios with comparable investment objectives, the portfolio decisions relating to these CLOs, and the performance resulting from such decisions, may differ from portfolio to portfolio.

Additionally, as described in **Item 4** and **Item 5** above, BlueMountain Fuji has entered into a Sub-Advisory Agreement and a Personnel and Services Agreement with SPL.

SPL has entered into a services agreement with Sound Point, a registered investment adviser and Sound Point Capital Management UK, LLP (“SPCM UK”), a FCA authorized foreign private adviser and an indirect wholly owned subsidiary of Sound Point. As a result of this arrangement, BlueMountain Fuji, SPL, Sound Point and SPCM UK share certain personnel. Certain investment professionals associated with BlueMountain Fuji are actively involved in other investment activities not concerning the CLOs and therefore will not be able to devote all of their time to the CLOs’ business and affairs.

Item 7 – Types of Clients

Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

Types of Clients

BlueMountain Fuji provides investment advisory services to CLOs.

Conditions for Managing Accounts

The minimum initial investment amount for investors in CLOs is generally at least the U.S. Dollar equivalent of €100,000 for CLOs denominated in Euros and at least \$250,000 for CLOs denominated in U.S. Dollars.

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

A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that *clients* should be prepared to bear.

BlueMountain Fuji is an asset management firm that follows a comprehensive, multi-strategy approach to investing. Each CLO's investment strategy is set forth in an offering circular or other offering documents of such CLO.

BlueMountain Fuji's investment process generally consists of identifying credits to purchase and sell for the CLOs it manages by combining one or more of the following methods of analysis:

1. Fundamental research by research analysts, including company and industry performance history and prospects, quality of underlying collateral and structural and contractual protections;
2. An understanding of the technical dynamics in the credit markets (by the trading desk and portfolio managers); and
3. Market insights, macroeconomic views, judgment, and discretion of the portfolio managers.

BlueMountain Fuji's portfolio managers utilize access to SPL's research analysts to assist in assessing the fundamental quality of loans evaluated by BlueMountain Fuji. SPL's analysts undertake in-depth financial analysis of individual names and monitor market developments across the sector. They combine a fundamental, cash flow approach with an understanding of the company's capital structure and specific securities to facilitate absolute and relative value judgments on individual names. Research specialists provide expertise in particular areas of fundamental research to complement sector and name coverage.

BlueMountain Fuji's portfolio managers analyze trade ideas, monitor the portfolio, perform risk and scenario analyses, and look for investment opportunities. The portfolio management team is ultimately responsible for deciding which investment ideas to implement. The team makes these determinations based on the current exposures in the portfolio, the market environment, the relative attractiveness, risk profile, and liquidity of the new position, and the judgment of its members.

In evaluating loans and securities, the main sources of information used by BlueMountain Fuji include, but are not limited to: quantitative data provided by third-party vendors; financial newspapers and magazines; research materials prepared by third parties; corporate rating services; annual reports, prospectuses and filings with the SEC; and company press releases.

Investors in CLOs should be aware that investing in securities involves risk of loss that investors should be prepared to bear.

B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

All securities investments risk the loss of capital. No guarantee or representation is made that a CLO will achieve its investment objective or that investors will not lose all or substantially all of their investment in the CLO. Purchases of interests in CLOs are suitable only for investors of substantial financial means who can make a long-term investment, can bear the risk of loss of their entire investment in the CLO and have no need for liquidity of their investment.

An investment in any of BlueMountain Fuji's CLOs may decline in value. The nature of the CLOs' investments involves certain risks, and the use of investment techniques (such as hedging and leverage) may carry additional risks. Some of the specific risks to which CLO assets are susceptible are as follows:

Nature of CLO Investments

The CLOs invest in collateral obligations consisting at the time of acquisition of predominantly bank loans and other debt instruments, all of which have greater credit and liquidity risk than investment grade sovereign or corporate bonds or loans. Such collateral is subject to credit, liquidity and interest rate risks. The lower rating of below investment grade collateral reflects a greater possibility that adverse changes in the financial condition of an issuer or borrower or in general economic conditions or both may impair the ability of the relevant borrower or issuer, as the case may be, to make payments of principal or interest.

CLOs are typically structured so that the notes issued by the CLO are assumed to be able to withstand certain assumed losses relating to defaults on the underlying collateral obligations; however, there is no assurance that actual losses will not exceed such assumed losses. If any losses exceed such assumed levels, payments to CLO investors could be adversely affected.

In recent years, events in the collateral debt obligation (including CLO), leveraged finance and fixed income markets have contributed to a severe liquidity crisis in the global credit markets which has resulted in substantial fluctuations in prices for leveraged loans and high-yield debt securities and limited liquidity for such instruments. No assurance can be made that the conditions giving rise to such price fluctuations and limited liquidity will not continue or become more acute. During periods of limited liquidity and higher price volatility, a CLO's ability to acquire or dispose of collateral obligations at a price and time that the CLO deems advantageous may be severely impaired. As a result, in periods of rising market prices, a CLO may be unable to participate in price increases fully to the extent that it is unable to acquire desired positions quickly; and such CLO's inability to dispose fully and promptly of positions in declining markets may exacerbate losses suffered by the CLO when collateral obligations are sold.

The market value and performance of the collateral obligations may be adversely impacted by current and future economic conditions, including perceptions of potential, current or future conditions, market trading imbalances or technical dislocation. To the extent that economic and business conditions fail to improve or deteriorate further, the levels of defaults and delinquencies are likely to increase and market values may decrease or not fully recover, which may adversely affect the amount of proceeds that could be obtained upon the sale of the collateral obligations and could adversely impact the ability of the CLO to meet its financial obligations.

Concentration of Investments

The CLOs invest in the credit markets with most of the exposure coming from the leveraged loan market. As such, the CLOs have a high concentration of their respective portfolios invested in a single asset class.

Collateral Obligations below Investment Grade

Primarily all of the collateral obligations of the CLOs are rated below investment grade. Obligors of below investment grade debt obligations may be highly leveraged and may not have available to them more traditional methods of financing or may not be able to refinance their debt obligations. Leveraged loans have historically experienced greater default rates than has been the case for investment grade securities. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced on the collateral obligations, and an increase in default levels could adversely affect the performance of the CLO, and thus, the return to investors in the CLO.

A non-investment grade loan or other debt obligation is generally considered speculative in nature and may go into default. Such a defaulted obligation may become subject to either substantial work out negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such defaulted obligation. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such defaulted obligation. The liquidity for defaulted obligations may be limited, and to the extent that defaulted obligations are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon.

Volatility

Prices of the collateral obligations may be volatile, and generally fluctuate due to a variety of factors that are inherently difficult to predict, including but not limited to changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic and international economic or political events, developments or trends in any particular industry, and the financial condition of the obligors of the collateral obligations.

Illiquidity of Investments

CLO investments may have limited liquidity in the secondary market and are subject to transfer restrictions. They are intended for long-term investors and should not be considered a vehicle for short-term trading purposes.

In some circumstances the underlying collateral of CLOs are relatively illiquid, making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, BlueMountain Fuji's ability to respond to market movements may be impaired, and CLOs may experience adverse price movements upon liquidation of its investments.

In addition, the CLOs may acquire private investments as a part of a bankruptcy or restructuring that are subject to liquidity-related risks, particularly the risk that a CLO will be unable to dispose of such investments by sale or other means at attractive prices or will otherwise be unable to complete any exit strategy. Among others, these risks include changes in the financial condition or prospects of the entity in which the investment is made. It is not generally expected that private securities acquired by a CLO will eventually be registered and listed on a securities exchange. Absent registration, such CLO will not be able to sell such securities unless an exemption from such registration requirements is available. To the extent that there is no liquid trading market for an investment, a CLO may be unable to liquidate that investment or may be unable to do so at a profit. Moreover, there can be no assurances that private purchasers for a CLO's investments will be found.

Prepayment Risk

Some of the terms of loans acquired by a CLO are subject to early prepayment options or similar provisions which, in each case, could result in a CLO realizing such loans earlier than expected, sometimes with no or a nominal prepayment premium. This typically happens when there is a decline in interest rates, when the portfolio company's improved credit or operating or financial performance allows the refinancing of certain classes of debt with lower cost debt or when the general credit market conditions improve. In the event a CLO receives proceeds from an investment earlier than it had anticipated, a CLO is often permitted to reinvest such proceeds, but there is no assurance that a CLO will be able to reinvest such proceeds even where they are received during such CLO's reinvestment period. On occasion, a CLO's inability to reinvest such proceeds will materially affect the performance of a CLO.

Reinvestment Risk

Subject to certain limitations, each CLO may generally reinvest any proceeds from its investments for a certain period following the closing date of such CLO. The objective of such reinvestment capability is to provide ongoing additional capital to potentially increase the total return from the investments to such CLO's investors. However, if the proceeds of a CLO's investments are reinvested, its investors' capital will continue to be subject to the risk of loss for a longer period of time. If reinvested proceeds are lost, such loss would offset at least a portion of any gains that may have been realized from prior investments of such CLO, and it is possible that any such loss could exceed any such prior gains, thereby resulting in a possible loss of at least a portion of the amounts invested in the CLO by its investors.

Currency Exposure

Underlying collateral in CLOs are primarily in U.S. Dollars or Euros, and a limited amount may be in British Pound Sterling or other foreign currencies. BlueMountain Fuji may seek to hedge the foreign currency exposure of CLOs in accordance with the terms of each CLO's indenture. However, CLOs are necessarily subject to foreign exchange risks. In addition, prospective investors in CLOs whose assets and liabilities are predominately in other currencies should take into account the potential risk of loss arising from fluctuations in value between the U.S. Dollar, the Euro and other currencies.

Leverage

CLOs employ leverage which could lead to losses in some of the notes issued by a CLO, and the subordinated notes are subject to up to 100% loss of invested capital. Any deterioration in the performance of the underlying collateral will be borne first by the subordinated notes.

Hedging Transactions

Aside from entering into swaps to hedge certain currency or interest rate risks, the CLOs are not expected to enter into hedging transactions. Any hedging transactions must conform to the requirements of the indenture.

Interest Rate Risk/Libor/SOFR

Interest rate risk will be inherent in the CLO because of, among other things, a difference between the interest rate basis of the CLO's rated notes and of floating/fixed rate assets purchased by the CLO, the CLO's cash balances not being required to be invested in floating rate investments and changing levels of SOFR or other indexes in relation to the floating rate CLO notes and floating rate assets. No assurance can be made that the portion of floating rate assets of the CLO that bear interest based on indices other than SOFR will not increase in the future. The CLO is not expected to enter into hedge agreements to minimize such risk. The CLOs are subject to the risk that SOFR is replaced by alternative rates, which may differ as between the securities issued by the CLOs and the underlying loan assets. Subject to limitations imposed by the CLO documents, BlueMountain Fuji will be responsible for nominating or designating an alternative to SOFR in respect of its securities.

A substantial portion of the portfolio collateral obligations in the CLOs may still bear interest based on LIBOR. On March 5, 2021, the United Kingdom Financial Conduct Authority (the "FCA") announced that all LIBOR settings will either cease to be provided by any administrator, or no longer be representative immediately after December 31, 2021 for all GBP, EUR, CHF and JPY LIBOR settings and one-week and two-month USD LIBOR settings, and immediately after June 30, 2023 for the remaining USD LIBOR settings, including one-month and three-month USD LIBOR (the "Announcement"). Concurrent with the Announcement, the Federal Reserve Board, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation released a statement that (i) encouraged banks to cease entering into new

contracts that use U.S. dollar LIBOR as a reference rate as soon as practicable and in any event by December 31, 2021, (ii) indicated that new contracts entered into before December 31, 2021 should either utilize a reference rate other than U.S. dollar LIBOR or have robust fallback language that includes a clearly defined alternative reference rate after the discontinuation of U.S. dollar LIBOR and (iii) explained that extending the publication of certain U.S. dollar LIBOR tenors until June 30, 2023 would allow most legacy U.S. dollar LIBOR contracts to mature before LIBOR begins experiencing disruptions. Although it is expected that floating rate obligations that bear interest based on LIBOR will migrate to a new benchmark prior to June 30, 2023, there is no guarantee that (i) such transition will occur, and if it occurs, when such transition will occur, (ii) SOFR, or the Term SOFR Reference Rate, will replace LIBOR as the benchmark for such floating rate obligations and (iii) any spread adjustment adopted in connection with such transition will be representative of LIBOR as of the date of determination of such benchmark or as prescribed pursuant to the underlying contractual agreement. When LIBOR is discontinued as a benchmark rate, it may cause one or more of the following to occur: (i) increase the volatility of LIBOR and SOFR prior to the consummation of any such change, (ii) increase pricing volatility with respect to collateral obligations, (iii) decrease the likelihood that the Advisors can effectively hedge interest rate risks or (iv) negatively impact the liquidity of the CLO notes.

Counterparty Risk

In general, CLOs typically have little counterparty risk as a result of their structures. However, a CLO is subject to the risk of the inability of any counterparty (including custodians) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

Reliance on Corporate Management and Financial Reporting

BlueMountain Fuji relies on the financial information made available by the issuers in which CLOs invest. BlueMountain Fuji does not independently verify the financial information disseminated by the numerous issuers in which CLOs may invest and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Corporate mismanagement, fraud and accounting irregularities relating to the issuers of investments held by CLOs may result in material losses.

Litigation

From time to time, in the ordinary course of their operations, BlueMountain Fuji and its affiliates may be subject to litigation and arbitration, which can be costly and divert significant portions of available staff time and resources. In addition, a CLO's investment activities may subject it to the risks of becoming involved in litigation by third parties. This risk may be greater where the CLO exercises control or significant influence over a company's direction. The expense of defending claims against a CLO by third parties, including bankruptcy or insolvency proceedings, and paying any amounts pursuant to settlements or judgments would, except in the unlikely event that the CLO is indemnified for such amounts, be borne by the CLO and would reduce the funds available for distribution and the CLO's net assets. There can be no assurance that any such litigation, once begun, would be resolved in favor of the applicable CLO. Any litigation or arbitration could have a materially adverse effect on the involved CLO.

BlueMountain Fuji may participate in creditors' committees with respect to the bankruptcy, restructuring or work out of issuers of collateral obligations. In such circumstances, BlueMountain Fuji may take positions on behalf of a CLO that are adverse to the interests of another CLO. BlueMountain Fuji may be entitled to receive steering committee fees associated with a bankruptcy, restructuring or work out (except any fees received in connection with the extension of the maturity of a defaulted obligation or a reduction in the outstanding principal balance of a defaulted obligation) received in connection with the work out or restructuring of any defaulted obligations.

The funds available to a CLO to pay certain fees and operating expenses are limited by restrictions governing the CLO's priority of payments to pay for such fees and expenses. If such funds are not sufficient to pay the expenses incurred by the CLO, the ability of the CLO to operate effectively may be impaired, and the CLO may not be able to defend or prosecute legal proceedings that may be brought against it or that the CLO might otherwise bring to protect its interests. In addition, service providers of a CLO that are not paid in full, may have the right to resign. This could ultimately lead to the CLO being in default under applicable law.

Exposure to Material Non-Public Information

From time to time, BlueMountain Fuji may receive material non-public information with respect to an issuer of publicly traded securities. In such circumstances, CLOs may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

Reliance on BlueMountain Fuji

Investors in a CLO generally do not have an opportunity to select or evaluate any CLO's investments, or to review a CLO's securities and other investment positions. BlueMountain Fuji selects all CLO investments, and the quality of BlueMountain Fuji's decisions dictates the CLOs' success or failure. In addition, the business and prospects of BlueMountain Fuji (and by extension, the CLOs) might be materially and adversely affected by the death or incapacity of any senior personnel of BlueMountain Fuji. Further, if the CLOs managed by BlueMountain Fuji were to incur substantial losses, the revenues of BlueMountain Fuji may decline substantially. Such losses may impair BlueMountain Fuji's ability to retain personnel, provide the same level of service to the CLOs and continue operations.

Reliance on SPL

BlueMountain Fuji has entered into a Sub-Advisory Agreement and a Personnel and Services Agreement with SPL whereby SPL provides non-discretionary investment advice with respect to the CLOs as well as certain shared personnel and services associated with the management of the CLOs in exchange for a fee. The business and prospects of BlueMountain Fuji (and by extension, the CLOs) might be materially and adversely affected by any event having a negative impact on SPL and/or SPL's ability to fulfill its obligations under such agreements.

Competition

The business of investing in assets meeting the CLOs' investment objectives is highly competitive. Competition for investment opportunities includes a growing number of non-traditional participants, such as hedge funds, private and public mezzanine and subordinated debt funds, including business development companies, and other private investors, as well as more traditional lending institutions and competitors. Some of these competitors may have access to greater amounts of capital and to capital that may be committed for longer periods of time or may have different return thresholds than the CLOs, and thus these competitors may have advantages relative to the CLOs. Increased competition for, or a diminishment in the available supply of, investments suitable for the CLOs could result in lower returns on such investments. In addition, issuers may prefer to take advantage of favorable high yield or second-lien markets and issue subordinated debt in those markets, which could result in fewer investment opportunities for CLOs. Moreover, the identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. CLOs may incur significant expenses in connection with identifying investment opportunities and investigating other potential investments which are ultimately not consummated, including expenses relating to due diligence, transportation and legal expenses.

Reliance on Certain Third Parties

CLOs are dependent upon their service providers, such as the trustees, directors, custodians and administrators of the CLOs. Errors are inherent in the operations of any business (including the business of the CLOs), and although BlueMountain Fuji has adopted measures to prevent and detect errors by, and misconduct of, service providers, and to transact with service providers it believes to be reliable, such measures may not be effective in all cases. Errors or misconduct by such service providers could have a material adverse effect on the CLOs.

Operating and Financial Risks of Companies

Companies in which the CLOs invest often face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, or a larger number of qualified managerial and technical personnel. As a result, portfolio companies which BlueMountain Fuji expects to be stable at times will (i) operate at a loss or have significant variations in operating results, (ii) require substantial additional capital to support their operations or to maintain their competitive position or (iii) experience financial distress. Portfolio companies often issue certain types of debt, such as mezzanine or high yield, in connection with leveraged acquisitions or recapitalizations in which the portfolio company incurs a substantially higher amount of indebtedness than the level at which it had previously operated.

Financially Troubled Companies

CLOs make investments that may become distressed due to factors outside the control of BlueMountain Fuji. There is no assurance that there will be sufficient collateral to cover the value of the loans and/or other investments purchased by a CLO or that there will be a successful reorganization or similar action of the company or investment which becomes distressed. In any reorganization or liquidation proceeding relating to a company in which a CLO invests, a CLO is in a position to lose its entire investment, to be required to accept cash or securities with a value less than a CLO's original investment and/or to be required to accept payment over an extended period of time. Under these circumstances, the returns generated from a CLO's investments will likely not compensate the investors in the CLOs adequately for the risks assumed. Additionally, under certain circumstances, a lender who has inappropriately exercised control of the management and policies of a debtor will generally either have its claims subordinated, or disallowed, or be found liable for damage suffered by parties as a result of such actions. Under circumstances involving a portfolio company's insolvency, payments to a CLO and distributions by a CLO to its investors are likely to be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Troubled company investments require active monitoring and, at times, require significant participation in business strategy or reorganization proceedings by BlueMountain Fuji. In addition, involvement by BlueMountain Fuji in a company's reorganization proceedings could result in the imposition of restrictions limiting a CLO's ability to liquidate its position in the company.

Co-Investments of CLOs

A CLO may co-invest initially in a particular loan, security or other investment at substantially the same time as other CLOs, in which case they would invest at substantially the same price; however, the actual price, terms and amount of leverage (if any), and associated transaction costs may differ between CLOs. In addition, there can be no assurance that each CLO would dispose of such an investment at substantially the same price or time as other CLOs due to many factors that may or may not be foreseeable at the time of investment, including available cash and other needs, differing basis in the investment, differing financing terms applicable to different investments, time horizons applicable to different CLOs (including

different investment periods) and their differing investment objectives and investment programs. Further, one CLO's determination to dispose of an investment could affect the timing of another CLO's disposal of that same investment. For example, such disposal could forfeit or diminish altogether certain rights or benefits held directly or indirectly by all CLOs participating in the investment due to aggregate holdings size requirements or other considerations or otherwise affect the long-term viability of the investment, resulting in the determination by the other CLOs that it is in their respective best interests to liquidate their positions as well even if the timing of such liquidation would not otherwise have been considered optimal. Further, to the extent a CLO is required to liquidate its interest in such investment, such liquidation may have an adverse effect on the market value of the underlying investment.

Investing in Pre-Existing Investments

The CLOs may invest in collateral in which other Advisory Clients hold an investment. Such transactions may have an effect (positive or negative) on the market price of such investment. In circumstances in which a CLO invests in an instrument in which other Advisory Clients have a pre-existing investment, the investing CLO will make business decisions relating to such investment independently of the analogous decisions made with respect to such investment by such other Advisory Clients.

Investing in Different Levels of the Capital Structure

The CLOs may hold interests in an entity that are of a different class, type or seniority than, or otherwise adverse to, the class, type or seniority of interests held by other Advisory Clients, including other CLOs. Similarly, Advisory Clients (including the CLOs) may both hold multiple investments across the capital structure of an issuer of varying classes, types or seniorities, but may hold different proportions of each such investment. It is possible that the trading and investment activities of any Advisory Client could conflict with the activities and strategies employed in managing the assets of a CLO and affect the prices and availability of the loans, securities and instruments in which a CLO invests. For example, one Advisory Client may hold unsecured debt of an issuer while another Advisory Client holds secured debt of the same issuer. This would potentially result in one Advisory Client being senior or junior to another Advisory Client in the capital structure of such entity, which could mean that in a restructuring, workout or other distressed scenario the interests of such Advisory Clients might be adverse to one another, and one such Advisory Client might recover all or part of their investment while the other does not. Decisions about what action should be taken in such a situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, raise conflicts of interest.

In addressing certain of the potential conflicts of interest described herein, BlueMountain Fuji may, but shall not be obligated to, take one or more actions on behalf of a CLO, including any one or more of the following: (i) causing a CLO to remain passive in a situation in which it is otherwise entitled to vote or take other action, which may result in the outcome of such vote or action being determined by (x) other investors or decision-makers in the same class of equity or debt securities (or another class of equity or debt) or (y) the vote or other action taken by another Advisory Client; (ii) referring the matter to one or more persons that is not affiliated with the SPL Group to review or approve of an intended course of action with respect to such matter; (iii) consulting with the CLO on such matter or otherwise requesting that the underlying investors (or an advisory board) approve such matter; (iv) establishing ethical screens or information barriers to separate SPL Group investment professionals or assigning different teams of the SPL Group investment professionals, supported by legal counsel and other advisers, as the SPL Group deems appropriate, to act independently of each other in representing different Advisory Clients or Advisory Clients that hold different classes, series or tranches of an issuer's capital structure; (v) as between two Advisory Clients, ensuring (or seeking to ensure) that the underlying investors therein own interests in the same securities or financial instruments and in the same proportions so as to preserve an alignment of interest; or (vi) causing a CLO to divest itself of a security or financial instrument or particular class, series

or tranche of an issuer's capital structure it might otherwise have held on to, including causing a CLO to sell a security or financial instrument to one or more other Advisory Clients (or vice versa), or underlying investors in such other Advisory Client. There can be no assurance that any of these measures will be feasible or effective in any particular situation, and it is possible that the outcome for the CLO will be less favorable than might otherwise have been the case if the SPL Group had not had duties to other Advisory Clients.

BlueMountain Fuji recognizes that conflicts arise when CLOs invest in different levels of the capital structure of the same entities and will endeavor to treat all CLOs fairly and equitably under such circumstances. The actions taken by BlueMountain Fuji on behalf of a CLO are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Advisory Clients in different classes, series or tranches of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, investors should expect some degree of variation, and potentially inconsistency, in the manner in which potential or actual conflicts are addressed. While BlueMountain Fuji seeks to resolve the conflicts in an impartial manner, there can be no assurance that BlueMountain Fuji's own interests will not influence its conduct.

Dissolution Risks

The CLOs may be required to liquidate their investments. In the case of a dissolution of a CLO, dissolution may require the selling of such CLO's investments under circumstances which may negatively affect the CLO's returns. Where a CLO is liquidated pursuant to its dissolution provisions, this may also negatively affect the value of other CLOs' investments and/or the circumstances of their disposition and accordingly the CLOs' returns.

General Economic Conditions

The CLOs and the companies in which CLOs invest are typically adversely affected by deteriorations in the financial markets and economic conditions throughout the world, some of which magnify the risks described herein and have other adverse effects. Deteriorating market conditions could result in increasing volatility and illiquidity in the global credit, debt and equity markets generally. The duration and ultimate effect of recent market conditions cannot be forecast, nor is it known whether or the degree to which such conditions will remain stable or worsen. Deteriorating market conditions and uncertainty regarding economic markets generally could result in declines in the market values of potential investments or declines in the market values of investments after they are made or acquired by the CLOs. It would be expected that such declines will be exacerbated by other events, such as the failure of significant financial institutions or investment funds, dislocations in other investment markets or other extrinsic events, including, without limitation, domestic and international political disruptions, acts of terrorism, pandemics and natural disasters. Such declines could lead to weakened investment opportunities for the CLOs, could prevent the CLOs from successfully meeting their investment objectives and/or could require the CLOs to dispose of investments at a loss while such unfavorable market conditions prevail.

As of the beginning of 2023, there is an especially high degree of economic uncertainty given elevated inflation, a rapid increase in interest rates by Central Banks, and a high level of geopolitical uncertainty in Europe and Asia. The likelihood of a recession, and the magnitude of any such recession, is highly uncertain and would have significant implications across asset classes. In addition, due to the recent bank failures, there is a risk of loss of deposits in excess of \$250,000, the standard FDIC insured amount per depositor, risks surrounding liquidity concentration, systemic risk regarding the failure of other banks, and increased compliance costs associated with diversifying deposits among multiple banks. None of these conditions is or will be within the control of BlueMountain Fuji, and no assurances can be given that BlueMountain Fuji will anticipate or successfully navigate these developments.

Regulatory Risk

Legal, tax and regulatory changes could occur during the term of a CLO that may adversely affect a CLO. The regulatory environment for CLOs and CLO managers, such as BlueMountain Fuji, is evolving, and there is a possibility that changes in the regulation of CLOs and CLO managers will adversely affect the value of CLO interests, including by adversely affecting the value of investments held by a CLO and the ability of a CLO to obtain the leverage it might otherwise obtain or to pursue its trading strategies. The regulation of CLOs and CLO managers is subject to modification by domestic and foreign government and judicial action. The effect of any future regulatory change on a CLO could be substantial and adverse.

Series LLC and Risk Retention

BlueMountain Fuji has been formed as a Delaware limited liability company with separate series of limited liability company interests (each a “Series”). BlueMountain Fuji is a legal entity under Delaware law, and the Series of BlueMountain Fuji are series established and existing under Delaware law as part of BlueMountain Fuji. BlueMountain Fuji conducts its advisory activities through Series A (“BlueMountain Fuji A”), and BlueMountain Fuji will retain an interest in the CLOs through its Series B (“BlueMountain Fuji B”). However, BlueMountain Fuji A and BlueMountain Fuji B are not separate legal entities.

If BlueMountain Fuji satisfies certain requirements of the Delaware Limited Liability Company Act, then the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to a particular Series are enforceable by statute against the assets of such Series only, and not against the assets of BlueMountain Fuji generally or against the assets of any of the other Series, and, unless otherwise provided in the limited liability company agreement of BlueMountain Fuji, none of the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to BlueMountain Fuji generally or any other Series thereof shall be enforceable against the assets of such Series.

To establish a Delaware limited liability company with separate series of limited liability company interests and maintain the separateness of its series, BlueMountain Fuji must adhere to specific statutory requirements regarding its certificate of formation, limited liability company agreement and books and records. As a Delaware limited liability company with separate series of limited liability company interests, the failure of BlueMountain Fuji to strictly adhere to these statutory requirements may result in the loss of the benefits of the Delaware law regarding segregation of assets and liabilities.

In addition, BlueMountain Fuji is a single legal entity which may be subject to claims in jurisdictions that may not recognize the segregation of assets and liabilities amongst series. The series limited liability company legislation has not been subject to litigation in Delaware or elsewhere resulting in published judicial opinions. There is currently no indication as to how the segregation of assets and liabilities will be treated by courts outside of Delaware. There is a risk that a court, including a bankruptcy court, could choose to either disregard Delaware law or to consolidate one or more Series and determine that the assets of any one Series should be applied to meet the liabilities of any other Series or BlueMountain Fuji generally, particularly if the assets of such other Series or BlueMountain Fuji generally are insufficient to meet their respective liabilities. Such consolidation could have a material adverse impact on the performance of a Series of BlueMountain Fuji and/or upon BlueMountain Fuji as a whole.

Pursuant to the offering documents of each CLO, BlueMountain Fuji A will indemnify such CLO as well as such CLO’s trustee (and their respective managers, directors, officers, partners, agents or employees) from certain damages and costs arising from BlueMountain Fuji A’s acts or omissions, recourse in respect of which is limited to the assets of BlueMountain Fuji A only and not to any of BlueMountain Fuji B assets (including, without limitation, the notes of such CLO retained by BlueMountain Fuji B) or any other assets held by BlueMountain Fuji or other Series. The assets of BlueMountain Fuji A will comprise

predominantly of the management fees that it receives from the CLOs and any assets that it has acquired as an originator or otherwise.

BlueMountain Fuji B will provide an equivalent indemnity in respect of similar acts and omissions of BlueMountain Fuji B, however recourse for any such equivalent breaches will be limited to the assets of BlueMountain Fuji B only and not to any assets of BlueMountain Fuji A (including, without limitation, the management fees) or any other assets held by BlueMountain Fuji or other Series.

The Dodd Frank Act and U.S. Risk Retention Rules

In response to the downturn in the credit markets and the global economic crisis of 2007-2008, legislators and various agencies and regulatory bodies of the United States federal government and in Europe have taken or are considering taking actions. These actions include, but are not limited to, the enactment of the Dodd Frank Wall Street Reform and Consumer Protection Act (the “Dodd Frank Act”), which was signed into law on July 21, 2010, and which imposes a new regulatory framework over the U.S. financial services industry and the consumer credit markets in general, and proposed and actual regulations by the SEC and the Commodity Futures Trading Commission (“CFTC”). Implementation of the Dodd Frank Act has required, and will continue to require, many lengthy rulemaking processes resulting in the adoption of a multitude of new regulations applicable to entities which transact business in the U.S. or with U.S. persons outside the U.S. The Dodd Frank Act affects many aspects, in the U.S. and internationally, of the business of BlueMountain Fuji. While many regulations implementing various provisions of the Dodd Frank Act have been finalized and adopted, some implementing regulations currently exist only in draft form and are subject to comment and revision, and still other implementing regulations have not yet been proposed. It is therefore difficult to predict whether and to what extent the CLOs and the businesses of BlueMountain Fuji and its subsidiaries and affiliates, will be affected by the Dodd Frank Act as implementing regulations are finalized over time and come into effect.

Pursuant to the Dodd Frank Act, the CFTC has promulgated a range of new regulatory requirements that may affect the pricing, terms and compliance costs associated with derivatives contracts that may be entered into by a CLO from time to time. Such new regulations may require central clearing of derivatives trades with a derivatives clearinghouse organization, may mandate initial and variation margin requirements, and may increase reporting obligations, documentation responsibilities and other matters in respect of derivatives contracts, in each case, potentially resulting in significantly increased costs to the CLOs and/or BlueMountain Fuji. Such regulation and related increased costs may lead to a CLO’s inability to purchase additional collateral obligations or have unforeseen legal consequences on a CLO or BlueMountain Fuji or have other material adverse effects on the CLOs or investors therein. In addition, CFTC rules under the Dodd Frank Act include “swaps” along with “futures” as contracts which if traded by an entity may cause that entity to fall within the definitions of a “commodity pool” or “commodity trading advisor” under the Commodities Exchange Act and BlueMountain Fuji to fall within the definition of a “commodity pool operator” (“CPO”) and/or a “commodity trading advisor” (“CTA”).

BlueMountain Fuji is not registered with the CFTC; however, if required, it may register in the future. Such registration would cause BlueMountain Fuji to be subject to registration and reporting requirements that may result in material costs to the CLOs. The scope of the requirements described above and related compliance costs is uncertain but could adversely affect the amount of the CLOs’ funds available to make payments. While the CLOs may be excluded from the definition of “commodity pool” or BlueMountain Fuji may satisfy the requirements of an exemption from the registration requirements described above, the conditions of any such exclusion or exemption may constrain the extent to which the CLOs may be able to enter into certain derivatives transactions. In particular, the limits imposed by such exclusions or exemptions, or the compliance costs resulting from the CFTC rules, may prevent the CLOs from entering into transactions that BlueMountain Fuji believes would be advisable or result in the CLOs incurring financial risks that would have been hedged absent such limits or compliance costs.

Based on applicable CFTC guidance, it is not expected that the CLOs will fall within the definition of a “commodity pool”. However, no assurance can be given that the CLOs will not be deemed to be commodity pools and that BlueMountain Fuji will not be required to be registered with the CFTC and/or the National Futures Association (“NFA”) as a CPO.

Given the broad scope and sweeping nature of these changes and the fact that final implementing rules and regulations have not yet been enacted, the potential impact of these actions on the CLOs and BlueMountain Fuji is unknown, and no assurance can be made that the impact of such changes would not have a material adverse effect on the prospects of the CLOs or the value or marketability of their investments.

On October 21, 2014, the final rules implementing the credit risk retention requirements of Section 941 of the Dodd Frank Act (the “U.S. Risk Retention Rules”) were issued. The U.S. Risk Retention Rules generally require the collateral manager of a collateralized loan obligation to retain not less than five percent of the credit risk of the assets collateralizing the collateralized loan obligation’s securities.

On February 9, 2018, a three-judge panel (the “Panel”) of the United States Court of Appeals for the D.C. Circuit (the “Appellate Court”) ruled in favor of an appeal by the Loan Syndications and Trading Association against the SEC and the Board of Governors of the Federal Reserve System that managers of so-called “open market CLOs” are not “securitizers” under Section 941 of the Dodd Frank Act and, therefore, are not subject to the U.S. Risk Retention Rules (the “LSTA Opinion”).

On April 5, 2018, the District Court entered its order implementing the appellate mandate issued by the Appellate Court (the “Appellate Mandate”) and vacating the U.S. Risk Retention Rules as they apply to managers of “open market CLOs”. Therefore, the U.S. Risk Retention Rules do not apply to managers of “open market CLOs” (which includes BlueMountain Fuji) as of the date hereof, and there may be no “sponsor” of the CLOs and no party may be required to acquire and retain an economic interest in the credit risk of the securitized assets of the CLOs under the U.S. Risk Retention Rules.

Investors in the CLOs will not be entitled to the protections afforded by the U.S. Risk Retention Rules to comply with certain disclosure obligations in the U.S. Risk Retention Rules. The market may face some of the same risk faced by other securitization markets preceding the enactment of the Dodd Frank Act: excessive leverage by borrowers, an insufficient supply of loans, excessive demand in the loan market driven by new offerings, loosening of credit standards due to excessive demand and other similar risks. All of these risks and others could reduce the market value or liquidity of investments in the CLOs. The ultimate effects of the LSTA Opinion are unknown at this time.

In the event that the U.S. Risk Retention Rules are modified to subject collateral managers of open market CLOs to be subject to the requirements of the U.S. Risk Retention Rules, collateral managers (or affiliates of collateral managers) of CLOs would be expected to seek to acquire and hold securities of any CLOs that are subject to the U.S. Risk Retention Rules in order for them to satisfy such 5% holding requirement.

Further developments, if any, to the U.S. Risk Retention Rules and their impact on the CLO market remain uncertain. BlueMountain Fuji’s regulatory authorizations and obligations may change from time to time, and no assurance can be made that the United States federal government or any U.S. regulatory body (or other authority or regulatory body) will not continue to take further legislative or regulatory action in response to the economic crisis or otherwise, and the effect of such actions, if any, cannot be known or predicted.

European and UK Risk Retention

In Europe, risk retention and due diligence requirements (the “EU/UK Risk Retention and Due Diligence Requirements”) apply in respect of various types of EU or UK regulated investors, as the case may be.

Among other things, such requirements restrict an investor who is subject to the EU/UK Risk Retention and Due Diligence Requirements from investing in securitizations unless: (i) the originator has explicitly disclosed that it will retain at least five percent of certain specified tranches; and (ii) is able to demonstrate that the investor performed certain due diligence with respect to its investment. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a punitive capital charge on the notes acquired by the relevant investor. These requirements and any other changes to the regulatory treatment of securitizations may negatively impact the regulatory position of certain investors. In addition, such regulations could have a negative impact on the price and liquidity of the notes offered by a CLO in the secondary market. BlueMountain Fuji makes no representation, warranty or guarantee that the offering of any CLO is compliant with the EU/UK Risk Retention and Due Diligence Requirements or any other applicable legal regulatory or other requirements. There can be no assurances as to whether the EU/UK Risk Retention and Due Diligence Requirements will be amended or altered by a change in law or regulation.

Lender Liability and Equitable Subordination

A number of judicial decisions have upheld judgments of borrowers against lending institutions on the basis of various evolving legal theories, collectively termed “lender liability”. Generally, lender liability is founded on the premise that a lender has violated a duty (whether implied or contractual) of good faith, commercial reasonableness and fair dealing, or a similar duty owed to the borrower or has assumed an excessive degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of the portfolios held by the CLOs, each of the CLOs may be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (a) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as a shareholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination”. Because of the nature of the portfolios held by the CLOs, each of the CLOs may be subject to claims of equitable subordination.

Because the SPCM Clients may hold equity or other interests in obligors of collateral obligations, a CLO could be exposed to claims for equitable subordination or lender liability or both based on such equity or other holdings.

The foregoing discussion of lender liability and equitable subordination is based upon principles of United States federal and state laws. Insofar as collateral obligations that are obligations of non-United States obligors are concerned, the laws of certain foreign jurisdictions may impose liability upon lenders or bondholders under factual circumstances similar to those described above, with consequences that may or may not be analogous to those described above under United States federal and state laws.

Cybersecurity and Systems Risks

BlueMountain Fuji relies extensively on computer programs, networks, devices and systems (and may rely on new systems and technology in the future) in connection with the CLOs’ investment activities, including, without limitation, to trade, clear and settle securities transactions, to evaluate certain investments based on real-time information, to monitor each CLO’s portfolio and net capital, and to generate risk management and other reports that are critical to oversight of each CLO’s activities. In addition, certain of the CLOs’, BlueMountain Fuji’s, SPL’s and SPL’s affiliates’ operations interface with or depend on computer

programs, networks, devices and systems operated by third-parties, service providers and market counterparties and their sub-custodians and other service providers, and BlueMountain Fuji may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures, interruptions or security breaches, including, but not limited to, those caused by computer “worms,” viruses, power failures and social engineering schemes such as “phishing.”

Cybersecurity and information security breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. BlueMountain Fuji’s operations are highly dependent on each of these systems and the successful operation of such systems is often out of BlueMountain Fuji’s control. Any such defect, failure or breach could have a material adverse effect on the CLOs, BlueMountain Fuji, SPL and SPL’s affiliates. For example, systems failures, information security incidents or cybersecurity breaches could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the ability of BlueMountain Fuji to accurately monitor the CLOs’ investment portfolios and risks. Cybersecurity breaches may cause (i) disruptions and impact business operations, potentially resulting in financial losses to the CLOs; (ii) interference with BlueMountain Fuji’s ability to calculate the value of a CLO’s investment; (iii) impediments to trading; (iv) the inability of BlueMountain Fuji and other service providers to transact business; (v) violations of applicable privacy and other laws; (vi) regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as (vii) the inadvertent release of confidential information. Similar adverse consequences could result from system failures and cybersecurity breaches affecting (i) issuers of securities in which the CLOs invest; (ii) counterparties with which the CLOs engage in transactions; (iii) governmental and other regulatory authorities; (iv) exchange and other financial market operators, banks, brokers, dealers, insurance companies, and other financial institutions; and (v) other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

Business Continuity and Disaster Recovery

The business operations of BlueMountain Fuji may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster (e.g., floods and hurricanes), epidemics, pandemics, terrorist attacks or other circumstances resulting in property damage, network interruption and/or prolonged power outages. Although BlueMountain Fuji has implemented measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. In addition, such a disruption may materially and adversely impact BlueMountain Fuji’s ability to achieve the CLOs’ investment objectives more generally. The extent of the impact of any such disruptions on BlueMountain Fuji and the CLOs will depend on many factors, including the duration and scope of such disruptions, the extent of any responsive measures implemented and the impact of such disruptions on overall economic activity, consumer confidence and economic markets, all of which are highly uncertain and cannot be predicted. The related risks of loss from such disruptions can be substantial and could have a material adverse effect on the CLOs.

Sanctions

The CLOs are subject to laws which restrict the CLOs from dealing with persons that are located or domiciled in sanctioned jurisdictions. Accordingly, the CLOs may be restricted from doing business with any entity or individual that is named on a list of prohibited entities and individuals maintained by the US Treasury Department’s Office of Foreign Assets Control or under European Union (“EU”) and United Kingdom (“UK”) regulations (as extended to the Cayman Islands by statutory instrument), and is not operationally based or domiciled in a country or territory in relation to which current sanctions have been issued by the United Nations, EU or UK. In addition, the existence of such sanctions (or possibility thereof)

may preclude the CLOs from acquiring or selling a position in an investment at a time when BlueMountain Fuji otherwise believes it would be appropriate to do so.

Proposed Safeguarding Rule (Replacing the Custody Rule)

On February 15, 2023, the SEC proposed to amend and re-designate Rule 206(4)-2 (the “Custody Rule”) as new Rule 223-1 (the “Proposed Safeguarding Rule”) under the Advisers Act. As with the Custody Rule, to which BlueMountain Fuji is currently subject, the Proposed Safeguarding Rule aims to ensure that a client’s assets are protected from improper access and use in situations in which an SEC-registered investment adviser holds or has authority to obtain possession of the client’s assets. However, were the Proposed Safeguarding Rule adopted as proposed it would introduce a number of significant amendments, which would require SEC-registered investment advisers, including BlueMountain Fuji, to significantly modify their procedures and systems to implement and incorporate, and would generally be expected to introduce significant additional costs and burdens on SEC-registered investment advisers and their clients’ custodians. Among other things, the Proposed Safeguarding Rule would (i) expand the Custody Rule to apply to all client “assets” (including cryptocurrencies and other digital assets) and not only client “funds and securities”; (ii) clarify additional advisory activities covered by the protections of the Proposed Safeguarding Rule (including explicitly covering discretionary trading authority); (iii) create extensive new requirements for SEC-registered investment advisers and qualified custodians (including entry into written agreements with prescriptive requirements); (iv) introduce significant new requirements to the exception for privately offered securities and extend the exception to certain physical assets that would be covered under the expanded scope of the Proposed Safeguarding Rule; and (v) expand the availability of the Custody Rule’s audit alternative as a means of satisfying the surprise examination requirement while imposing new requirements on advisers that rely on the audit alternative. In addition, the SEC is proposing related amendments to SEC-registered investment advisers’ recordkeeping and Form ADV reporting requirements that would require SEC-registered investment advisers to maintain extensive books and records relating to the Proposed Safeguarding Rule and to report additional, more detailed information about their custody practices and use of qualified custodians.

There is no “grandfathering” under the Proposed Safeguarding Rule, and therefore BlueMountain Fuji would be obligated to comply with the Proposed Safeguarding Rule (after the compliance transition period, currently proposed to be one-year following adoption of the Proposed Safeguarding Rule) with respect to the current and future CLOs for which it has custody of client assets. There can be no assurance that the Proposed Safeguarding Rule will be adopted in the form proposed, or at all, and if adopted in any form, when such Proposed Safeguarding Rule would take effect. Each CLO and investor in the CLOs must make its own determination as to whether it would be negatively affected by the adoption of the Proposed Safeguarding Rule, and the potential impact of the Proposed Safeguarding Rule on the expense and regulatory burden imposed on its investment. BlueMountain Fuji cannot make any representation to any prospective investor or purchaser of the CLO notes regarding the application of the Proposed Safeguarding Rule to the BlueMountain Fuji or the CLOs at this time or at any time in the future.

Proposed Private Fund Rules

On February 9, 2022, the SEC proposed certain rules and amendments under the Advisers Act to enhance the regulation of private fund advisers (the “Proposed Private Fund Rules”) that, if adopted in their current form, would affect investment advisers, including BlueMountain Fuji, by (i) requiring such investment advisers to comply with additional reporting and compliance obligations, (ii) prohibiting certain business practices, (iii) prohibiting certain types of preferential treatment offered by such investment advisers to certain (but not all) investors in a private fund, including, among other things, the provision of information regarding portfolio holdings of the private fund or of a substantially similar pool of assets, and (iv) prohibiting other forms of preferential treatment for certain (but not all) investors without providing

sufficiently detailed written disclosures about such preferential treatment to prospective and current investors. Section 202(a)(29) of the Advisers Act defines the term “private fund” as an issuer that would be an investment company under the Investment Company Act but for the exemption provided under Sections 3(c)(1) or 3(c)(7) thereunder. Because the CLOs rely on Section 3(c)(7) of the Investment Company Act, each will be considered a “private fund” within the meaning of the Proposed Private Fund Rules, and BlueMountain Fuji could be required to comply with the enhanced obligations under the Proposed Private Fund Rules. The costs of complying with certain of the reporting and compliance obligations under the Proposed Private Fund Rules could be substantial, and it is possible that the costs of preparing such reports would be borne by the CLOs. If the CLOs are responsible for such expenses, it could affect the CLOs’ ability to make payments on secured notes and reduce amounts available for distribution to holders subordinated notes. In addition, if BlueMountain Fuji was prohibited from discussing the underlying portfolio of the CLOs with investors, or if certain types of side letters were prohibited absent highly specific disclosure, it could result in a reduction of the quality and quantity of information provided to holders of the notes of such CLOs and could have a negative effect on BlueMountain Fuji’s ability to manage CLO transactions.

There is no “grandfathering” under the Proposed Private Fund Rules, and therefore BlueMountain Fuji would be obligated to comply with the Proposed Private Fund Rules with respect to the current and future CLOs and any other private funds that it manages within one year after the effective date of the final rule. There can be no assurance that the Proposed Private Fund Rules will be adopted in the form proposed, or at all, and if adopted in any form, when such Proposed Private Fund Rules would take effect. Each investor in the afore mentioned CLOs must make its own determination as to whether its investment in such funds would be affected by the Proposed Private Fund Rules, and the potential impact of the Proposed Private Fund Rules on its investment, any liquidity in connection therewith and on its portfolio generally. BlueMountain Fuji and the CLOs cannot make any representation to any prospective investor or purchaser of the CLO notes regarding the application of the Proposed Private Fund Rules to BlueMountain Fuji or the CLOs at this time or at any time in the future.

CLO investors and prospective investors in CLOs are provided with the offering circular or other offering documents of the respective CLO that provide a detailed description of the material risks related to an investment in the CLO. Such investors are advised to review carefully all risk factors set forth in such documents.

C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

Fixed Income Obligations

A CLO’s investments in fixed income obligations are subject to the risk of an issuer’s ability to meet principal and interest payments on the obligation (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). Loans and other fixed income securities generally involve less market risk than stocks. However, the risk of loans can vary significantly depending upon factors such as the issuer and maturity. For example, the issuer of a security or the counterparty to a contract may default or otherwise become unable to honor a financial obligation. The loans of some companies may be riskier than the stocks of others.

Non-U.S. Issuers

The CLOs invest in the loans of non-U.S. issuers. Investing in such instruments involves certain considerations not usually associated with investing in the loans of a U.S. issuer, including, among other things: political and

economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the smaller size of the securities markets in such countries and the lower volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; imposition of withholdings and other taxes; and certain government policies that may restrict a CLO's investment opportunities. In addition, accounting and financial reporting standards that prevail in many foreign countries are not equivalent to U.S. standards and, consequently, less information may be available with respect to non-U.S. issuers than is available with respect to U.S. issuers.

Bankruptcy law and process in non-U.S. jurisdictions often differ substantially from that in the United States, which will often result in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain, while some other developing countries have no bankruptcy laws enacted, adding further uncertainty to the process for reorganization.

Loan Participations and Assignments

The CLOs invest in fixed- and floating-rate loans, which investments generally are in the form of loan participations and assignments of portions of such loans. Participations and assignments involve credit risk, interest rate risk, liquidity risk, and the risks of being a lender. Participations in commercial loans may be secured or unsecured. Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks, other financial institutions, or lending syndicates. The CLOs may invest in funded term loans through participations and assignments. When purchasing loan participations, a CLO assumes the credit risk associated with the corporate borrower and may assume the credit risk associated with an interposed bank or other financial intermediary and may only be able to enforce its rights through the lender, and may assume the credit risk of the lender in addition to the borrower. The participation interests in which a CLO invests may not be rated by any nationally recognized rating service.

Investments in loans through a direct assignment of a financial institution's interests with respect to the loan may involve additional risks to a CLO. For example, if a loan is foreclosed, a CLO could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that, under emerging legal theories of lender liability, a CLO could be held liable as a co-lender. It is unclear whether loans and other forms of direct indebtedness offer securities laws protections against fraud and misrepresentation. In the absence of definitive regulatory guidance, a CLO relies on BlueMountain Fuji's research in an attempt to avoid situations where fraud or misrepresentation could adversely affect the CLO.

Senior Secured Loans, Secured Senior Bonds, High Yield Bonds and Mezzanine Obligations

The CLOs invest in (without limitation) secured senior loans, secured senior bonds, mezzanine obligations, high yield bonds and unsecured senior obligations. Such instruments are of a type generally incurred by the obligors thereunder in connection with highly leveraged transactions, often (although not exclusively) to finance internal growth, pay dividends or other distributions to the equity holders in the obligor, or finance acquisitions, mergers, and/or share purchases. As a result of the additional debt incurred by the obligor in the course of such a transaction, the obligor's creditworthiness is typically judged by the rating agencies to be below investment grade.

Secured senior loans, secured senior bonds and unsecured senior obligations are typically at the most senior level of the capital structure with mezzanine obligations being subordinated to any senior loans or to any other senior debt of the obligor.

Mezzanine obligations take the form of medium term loans or obligations of such type repayable shortly (perhaps six months or one year) after the senior loans or obligations of the obligor thereunder are repaid. Because mezzanine obligations are only repayable after the senior debt (and interest payments may be blocked to protect the position of senior debt interest in certain circumstances), they will carry a higher rate of interest to reflect the greater risk of such an obligation not being repaid. Due to the greater risk associated with mezzanine obligations as a result of their subordination below senior loans of the obligor, mezzanine lenders may be granted share options, warrants or higher cash paying instruments or payment in kind in the obligor which can be exercised in certain circumstances, principally being immediately prior to the obligor's shares being sold or floated in an initial public offering.

Although any debt instrument may share many similar features with other loans and obligations of its type, the actual terms will have been a matter of negotiation and will be unique. Any such particular loan or security may contain non-standard terms and may provide less protection for creditors than may be expected generally, including in respect of covenants, events of default, security or guarantees.

Cov-Lite Loans

The CLOs invest in (without limitation) cov-lite loans, and the ownership thereof may expose the CLOs to greater risks (including with respect to liquidity, price volatility and ability to restructure loans) than is the case with loans that have maintenance covenants. In addition, the lack of maintenance covenants in co-lite loans may make it more difficult for lenders to trigger a default in respect of such collateral obligations. This makes it more likely that any default will only arise under a cov-lite loan at a stage where the relevant obligor is in a greater degree of financial distress. Such a delay in the occurrence of a default may make any successful restructuring more difficult to achieve and/or result in a greater reduction in the value of the cov-lite loan as a consequence of any restructuring effected in such circumstances.

Security

Secured senior loans and secured senior bonds are often secured by specific collateral, including but not limited to, trademarks, patents, accounts receivable, inventory, equipment, buildings, real estate, franchises and common and preferred shares of the obligor and its subsidiaries and any applicable associated liens relating thereto. In continental Europe, security is often limited to shares in certain group companies, accounts receivable, bank account balances and intellectual property rights.

Mezzanine obligations may have the benefit of a second priority charge over such collateral obligations. Unsecured senior obligations do not have the benefit of such security. High yield bonds are also generally unsecured.

Secured senior loans and secured senior bonds usually have shorter terms than more junior obligations and often require mandatory prepayments from excess cash flows, asset dispositions and offerings of debt and/or equity securities.

Second Lien Loans

The CLOs' collateral obligations may include second lien loans, each of which will be secured by collateral, but which is subordinated (with respect to liquidation preferences with respect to pledged collateral) to other secured obligations of the obligors secured by all or a portion of the collateral securing such secured loan. Second lien loans are typically subject to intercreditor arrangements, the provisions of which may prohibit or restrict the ability of the holder of a second lien loan to (i) exercise remedies against the collateral with respect to their second liens; (ii) challenge any exercise of remedies against the collateral by the first lien lenders with respect to their first liens; (iii) challenge the enforceability or priority of the first liens on the collateral; and (iv) exercise certain other secured creditor rights, both before and during a bankruptcy of the borrower. In addition, during a bankruptcy of the obligor, the holder of a second lien loan may be

required to give advance consent to (a) any use of cash collateral approved by the first lien creditors; (b) sales of collateral approved by the first lien lenders and the bankruptcy court, so long as the second liens continue to attach to the sale proceeds; and (c) “debtor-in-possession” financings. Liens arising by operation of law may take priority over the CLOs’ liens on an obligor’s underlying collateral and may impair the CLOs’ recovery on a collateral obligation if a default or foreclosure on that collateral obligation occurs.

An example of a lien arising under law is a tax or other government lien on property of an obligor. A tax lien may have priority over a CLO’s lien on such collateral. To the extent that a lien having priority over a CLO’s lien exists with respect to the collateral related to any collateral obligation, the CLO’s interest in the asset will be subordinate to such lien. If the creditor holding such lien exercises its remedies, it is possible that, after such creditor is repaid, sufficient cash proceeds from the underlying collateral will not be available to pay the outstanding principal amount of such collateral obligation.

Corporate Rescue Loans

Corporate rescue loans are made to companies that have experienced, or are experiencing, significant financial or business difficulties such that they have become subject to bankruptcy or other reorganization and liquidation proceedings and thus involves additional risks. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the CLOs will correctly evaluate the value of the assets securing a corporate rescue loan or the prospects for a successful reorganization or similar action, and accordingly a CLO could suffer significant losses on its investments in such corporate rescue loan. In any reorganization or liquidation case relating to a company in which a CLO invests, such CLO may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time.

Distressed company and other asset-based investments require active monitoring and may, at times, require participation by a CLO in business strategy or bankruptcy proceedings. To the extent that a CLO becomes involved in such proceedings, such CLO’s more active participation in the affairs of the bankruptcy debtor could result in the imposition of restrictions limiting the CLO’s ability to liquidate its position in the debtor.

Although a corporate rescue loan may be unsecured, where the obligor is subject to U.S. insolvency law, it has a priority permitted by section 364(c) or section 364(d) under the United States Bankruptcy Code, and at the time that it is acquired by the CLO is required to be current with respect to scheduled payments of interest and principal (if any).

CLO investors and prospective investors in CLOs are provided with the offering circular or other offering documents of the respective CLO that provide a detailed description of the material risks related to an investment in the CLO. Such investors are advised to review carefully all risk factors set forth in such documents.

Item 9 – Disciplinary Information

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

BlueMountain Fuji is obligated to disclose legal or disciplinary events that would be material to a client's or prospective client's evaluation of BlueMountain Fuji's advisory business or the integrity of its management. BlueMountain Fuji does not have any such legal or disciplinary events to report.

Item 10 – Other Financial Industry Activities and Affiliations

A. If you or any of your *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

Neither BlueMountain Fuji nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

B. If you or any of your *management persons* are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.

Neither BlueMountain Fuji nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. Please note that SPL filed for de-registration from the CFTC as a commodity pool operator and member of the NFA, which is currently pending final approval. Once SPL's deregistration is approved, it will file an exemption from registration as a CPO with the NFA. No other management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities. Based on applicable CFTC guidance, it is not expected that the CLOs will fall within the definition of a "commodity pool". However, no assurance can be given that the CLOs will not be deemed to be commodity pools and that BlueMountain Fuji will not be required to bear additional compliance burdens with respect to the rules of the CFTC and/or the NFA in the future.

C. Describe any relationship or arrangement that is material to your advisory business or to your *clients* that you or any of your *management persons* have with any *related person* listed below. Identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how you address it.

- 1. broker-dealer, municipal securities dealer, or government securities dealer or broker**
- 2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)**
- 3. other investment adviser or financial planner**
- 4. futures commission merchant, commodity pool operator, or commodity trading advisor**
- 5. banking or thrift institution**
- 6. accountant or accounting firm**
- 7. lawyer or law firm**
- 8. insurance company or agency**
- 9. pension consultant**
- 10. real estate broker or dealer**
- 11. sponsor or syndicator of limited partnerships.**

It is expected that certain SPCM Clients may invest in the CLOs in the future. To the extent that an SPCM Clients' investment (or another affiliated advisor's client) is subject to the management fees or performance-based fees described in **Item 5** above, a portion of the amount of such fees paid to BlueMountain Fuji is subject to rebate or offset in favor of such affiliate's client.

BlueMountain Fuji is owned indirectly by a number of Blackstone Purchasers. The Blackstone Purchasers have the right to appoint two of the three members of BlueMountain Fuji's Board and SPL has the right to appoint the third member. Please see BlueMountain Fuji's Form ADV Part 1A for additional information related to the ownership of BlueMountain Fuji. The CLOs from time to time may own loans made to

companies that are portfolio companies of the Blackstone Purchasers or other advisory clients of Blackstone Alternative Solutions L.L.C. (“BAS”) and its affiliates (“Portfolio Companies”). This would potentially result in the CLO and the Portfolio Company having interests that are adverse to one another in a restructuring, workout or other distressed scenario. The Blackstone Purchasers are not expected to be involved in the day-to-day management of BlueMountain Fuji’s CLO portfolio, and measures to address information flows and potential conflicts have been implemented as between the Blackstone Purchasers, on one side, and BlueMountain Fuji and SPL, on the other side, including without limitation, engaging SPL to provide investment advice to the CLOs and to provide personnel to BlueMountain Fuji to make investment decisions independent of the Blackstone Purchasers or the BAS-appointed managers as well as setting up information barriers between BlueMountain Fuji and BAS (including members of BlueMountain Fuji’s Board that are associated persons of BAS).

BlueMountain Fuji and/or the CLOs may from time to time engage service providers which are Portfolio Companies. It is the policy of BlueMountain Fuji that the terms of such an engagement, if any, shall be agreed on a commercial and arm’s length basis.

BlueMountain Fuji has in the past and is expected to, from time to time, purchase interests in certain CLOs, and such investments generally are not subject to the management fees or performance-based fees described in **Item 5**, above.

SPL is registered as an investment adviser under the Advisers Act. As described in **Item 4** and **Item 5**, BlueMountain Fuji has entered into a Sub-Advisory Agreement and a Personnel and Services Agreement with SPL.

SPL is controlled by Sound Point, an SEC-registered investment adviser. Sound Point is a privately-owned asset management firm with investment strategies that concentrate on performing credit and collateralized loan obligations, opportunistic credit, structured credit, specialty finance and marketplace lending, and commercial real estate credit, utilizing a fundamental and research-intensive approach to investing.

SPL is under common control with SP C-MOA and SPCREF, both SEC Registered Investment Advisers, as well as CRE and SPCRE, both SEC Exempt Reporting Advisers. In general, this Brochure does not include information about Sound Point, SPL, SP C-MOA, SPCREF, CRE or SPCRE or their respective advisory businesses, which are summarized in each of their respective Form ADV Parts 1 and 2 (as applicable).

SPL depends on Sound Point to provide shared employees and back-office and administrative services pursuant to one or more services agreement. As such, SPL will be dependent on one of its affiliates for certain important services, which presents a conflict of interest with respect to the devotion of time and resources to SPL.

SPCM UK, an affiliate of Sound Point and SPL, serves as adviser primarily with respect to issuers based in Europe, and is compensated by Sound Point for its services. SPCM UK is registered with the FCA. BlueMountain Fuji does not consider its relationship with SPL, Sound Point or SPCM UK to create a material conflict of interest with respect to the CLOs.

Assured Guaranty US Holdings Inc., a Delaware corporation (“AGUS”), is the holder of 30% of the outstanding equity interests of Sound Point, the primary owner of SPL. AGUS is a wholly owned subsidiary of AGL, which is a publicly traded a limited company organized under the laws of Bermuda (NYSE: AGO) (together with its subsidiaries, “Assured Guaranty”). AGL is a Bermuda-based holding company incorporated in 2003 that provides, through its operating subsidiaries, credit protection products to the United States and international public finance (including infrastructure) and structured finance markets.

Because CLOs may have exposure to issuers or other counterparties to which Assured Guaranty has exposure by virtue of providing credit protection in respect of such issuer or otherwise having exposure to such issuer or counterparty, it is possible that conflicts will arise between a CLO and Assured Guaranty. Conflicts may arise due to the fact that the respective interests of a CLO and Assured Guaranty would be in respect of a different type, seniority or class of security or generally would have different rights or economic interests associated therewith. For example, Assured Guaranty may insure a certain class of debt while a CLO holds a different class of debt of the same issuer. In this case the interests of a CLO advised by BlueMountain Fuji could be adverse to those of Assured Guaranty in a restructuring, workout or other distressed scenario. On limited occasions, the holdings of BlueMountain Fuji's CLOs also could overlap with securities or other instruments held by Assured Guaranty, which could pose similar potential conflicts.

As part of its business, Assured Guaranty from time to time provides credit protection in respect of certain tranches of collateralized loan obligations. To the extent Assured Guaranty provides such credit protection on any tranche(s) of a BlueMountain Fuji-managed CLO, Assured Guaranty may have interests with respect to certain tranches of the CLO that are adverse to interests of holders of other tranches within such CLO. Similarly, CLOs managed by BlueMountain Fuji may hold debt of issuers that have issued debt of another class that is insured by Assured Guaranty. To address these potential conflicts of interests, Assured Guaranty conducts its operations separately from BlueMountain Fuji such that it does not exert influence over the personnel providing advisory services to BlueMountain Fuji and BlueMountain Fuji, subject to its policy on conflicts of interests, seeks to act in the best interests of the CLOs.

BlueMountain Fuji and SPL have implemented compliance policies and procedures designed to control the flow of information between SPL and BlueMountain Fuji and otherwise mitigate or eliminate conflicts of interest that could arise from the integration or other business relationships between SPL and BlueMountain Fuji. Such measures include, without limitation, subjecting certain SPL personnel to the compliance policies and procedures (including the Code of Ethics) adopted by BlueMountain Fuji. Further, in the event that any Covered Person becomes aware of a material conflict of interest between BlueMountain Fuji and/or the CLOs on one hand and SPL on the other hand, such Covered Person is required to inform the Chief Compliance Officer of such conflict, and the Chief Compliance Officer then determines the appropriate course of action.

In addressing certain of the potential conflicts of interest which may arise between SPL and either an Advisory Client or the SPL Group, the SPL Group may, but shall not be obligated to, take one or more actions on behalf of an Advisory Client, including any one or more of the following: (i) causing an Advisory Client to remain passive in a situation in which it is otherwise entitled to vote or take other action; (ii) consulting with the Advisory Client on such matter or otherwise requesting that the governing board of the Advisory Client approve such matter; (iii) establishing ethical screens or information barriers to separate investment professionals or assigning different teams of investment professionals, supported by legal counsel and other advisers, as the SPL Group deems appropriate, to act independently of each other in representing different Advisory Clients or Advisory Clients that hold different classes, series or tranches of an issuer's capital structure; (iv) causing an Advisory Client to divest itself of a security or financial instrument or particular class, series or tranche of an issuer's capital structure it might otherwise have held on to, or to refrain from selling a security or other financial instrument it might otherwise sell. There can be no assurance that any of these measures will be feasible or effective in any particular situation, and it is possible that the outcome for the Advisory Client will be less favorable than might otherwise have been the case in the absence of such conflicts.

D. If you recommend or select other investment advisers for your *clients* and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest,

describe these practices and discuss the material conflicts of interest these practices create and how you address them.

BlueMountain Fuji has engaged SPL to provide non-discretionary investment advice with respect to the CLOs as well as certain operational, administrative and compliance related services and personnel to BlueMountain Fuji. BlueMountain Fuji does not receive compensation from SPL. See **Item 10** above, which addresses conflicts related to such relationship as well as how such conflicts are addressed.

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

A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any *client* or prospective *client* upon request.

Pursuant to the Personnel and Services Agreement between BlueMountain Fuji and SPL, BlueMountain Fuji has engaged SPL to provide compliance-related resources and personnel necessary to effect and support BlueMountain Fuji's policies and procedures, which are overseen by the Chief Compliance Officer. Therefore, BlueMountain Fuji's compliance policies and procedures are generally implemented together with the compliance policies and procedures of SPL; however, BlueMountain Fuji's compliance policies and procedures also address issues specific to BlueMountain Fuji's business, ownership and relationships. To such end, BlueMountain Fuji, SPL and certain of SPL's affiliates operates a compliance program that addresses conflicts which may arise among such entities, Advisory Clients (including the CLOs and the SPCM Clients), SPL Covered Persons and BlueMountain Fuji Covered Persons (including shared personnel). As noted above in Item 10, SPL depends on Sound Point to provide shared employees and back-office and administrative services pursuant to one or more services agreement. As such, SPL will be dependent on one of its affiliates for certain important services, which presents a conflict of interest with respect to the devotion of time and resources to SPL.

BlueMountain Fuji has adopted a Code of Ethics pursuant to Advisers Act Rule 204A-1. BlueMountain Fuji's Code of Ethics requires full compliance with all applicable laws and regulations governing the provision of investment management services to its clients. In addition, BlueMountain Fuji's Code of Ethics highlights the fiduciary duty that it owes to its Advisory Clients, including the affirmative duty to act in the best interests of its clients and to make full and fair disclosure of material facts. BlueMountain Fuji expects each access person to act with integrity, competence, dignity, and in an ethical manner when dealing with the public, the Advisory Clients, investors and prospective investors in the Advisory Clients, service providers and fellow access persons. BlueMountain Fuji also expects access persons to adhere to the highest standards with respect to any potential conflict of interest with clients.

BlueMountain Fuji's Code of Ethics contains guidelines relating to personal trading by access persons (and certain of their immediate family members). Except with respect to certain exempted transactions, no access person may purchase or sell any security without first obtaining pre-clearance from the Chief Compliance Officer or such officer's designee. BlueMountain Fuji's access persons are not permitted to purchase or sell any security that is also held by the Advisory Clients. BlueMountain Fuji's Code of Ethics also requires access persons to provide it with certain securities holdings and periodic transaction reports, as required by Advisers Act Rule 204A-1.

BlueMountain Fuji's Code of Ethics has specific provisions relating to identifying potential conflicts of interest. The provisions prohibit an access person from directing client transactions for the purpose of obtaining a personal benefit. They also generally prohibit personal business dealings with clients or investors without the prior approval of the Chief Compliance Officer or such officer's designee. The Code of Ethics includes provisions relating to accepting offers of gifts or entertainment from third parties.

From time to time, BlueMountain Fuji, SPL and its affiliated advisors under common control with Sound Point will come into possession of material, non-public information. As a result of Sound Point's open environment, the receipt of such information by SPL or any of its affiliated advisors will restrict all Advisory Clients and therefore, Advisory Clients will not be able to initiate a transaction that it otherwise might have initiated and will not be able to sell an investment that it otherwise might have sold. BlueMountain Fuji is permitted to establish ad hoc information barriers to manage the flow of material, non-public information on an as needed basis.

All violations of the Code of Ethics must be promptly reported to the Chief Compliance Officer, who is primarily responsible for administering and enforcing BlueMountain Fuji's Code of Ethics. A violation of the Code of Ethics will generally result in the imposition of disciplinary and remedial measures including, without limitation, disgorgement or termination.

BlueMountain Fuji *will provide a complete copy of the Code of Ethics to any investor in or prospective investor in an Advisory Client upon request. Such requests may be addressed to Andrea Sayago, Chief Compliance Officer, at 212-895-2280 and/or at compliance@soundpointcap.com.*

B. If you or a *related person* recommends to *clients*, or buys or sells for *client* accounts, securities in which you or a *related person* has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Examples: (1) You or a *related person*, as principal, buys securities from (or sells securities to) your *clients*; (2) you or a *related person* acts as general partner in a partnership in which you solicit *client* investments; or (3) you or a *related person* acts as an investment adviser to an investment company that you recommend to *clients*.

As described above in **Item 10**, BlueMountain Fuji serves as the investment manager to its CLOs.

From time to time, the SPL Group may cause an Advisory Client to buy or sell securities directly from or to another Advisory Client. With respect to any such transaction (i) the transaction must be effected at a price that is fair to Advisory Clients on both sides of the trade, (ii) neither the SPL Group nor any of its affiliates may receive any compensation for effecting the trade and (iii) the trade must be in the best interests of both Advisory Clients.

Although the Blackstone Purchasers and other advisory clients of BAS and its affiliates ("Blackstone Accounts") are operated separately from the CLOs, it is possible that the Blackstone Accounts could: (i) buy an asset from, or sell an asset to, a CLO either directly or indirectly or (ii) invest in a CLO. In these cases, the interests of the Blackstone Accounts could diverge from those of the CLOs. BlueMountain Fuji believes that any such conflicts are mitigated through BAS personnel not being involved in the day-to-day investment process for the CLOs, information barriers between BlueMountain Fuji and BAS and the use of separate investment personnel and processes by each.

SPL, SPCM Clients and/or BlueMountain Fuji from time-to-time purchase interests in one or more CLOs, and such investments are subject to the potential management fee or performance-based fee rebates or offsets described above in **Item 5**.

BlueMountain Fuji has and may again engage in principal transactions (i.e., transactions where an adviser, acting as principal for its own account or that of an affiliate deemed proprietary to BlueMountain Fuji, buys from or sells any security to a client's account). Under certain circumstances, a cross trade with an entity in which BlueMountain Fuji and/or its controlling persons hold in excess of 25% of the interests may be deemed to be a principal transaction under Section 206(3) of the Advisers Act. The Chief Compliance Officer (or her designee) may approve such deemed principal transactions provided that any such transaction is effected in compliance with Section 206(3) of the Advisers Act. With respect to any such transaction, prior to its completion, BlueMountain Fuji must disclose to the client in writing the capacity in which BlueMountain Fuji is acting (and any other requisite disclosures pursuant to Section 206(3) of the Advisers Act) and obtain the client's consent to the transaction. In cases where the client is a CLO, such disclosure may be made to, and consent to the transaction may be obtained from, the board of directors or board of managers of the CLO, as applicable, provided that (i) the applicable board includes one or more members who are independent of BlueMountain Fuji, and (ii) the consent of the board includes the

unanimous consent of all such independent members. It is BlueMountain Fuji's policy that it will not effect any agency cross transactions for client accounts.

For CLOs intended to comply with the EU/UK Risk Retention and Due Diligence Requirements, BlueMountain Fuji intends to originate a portion of the loans which are ultimately held by the CLOs. For purposes of the foregoing, the origination of a loan includes (i) loans with respect to which BlueMountain Fuji was directly or indirectly involved in the original agreement which created such loans and (ii) loans that BlueMountain Fuji agreed to purchase from the relevant CLO in the event that such loan failed to meet the applicable eligibility criteria during a specified seasoning period for a price equal to that which the CLO committed to pay to purchase such loan. It is expected that such purchases by BlueMountain Fuji will constitute principal transactions and will be subject to the restrictions on principal transactions discussed below. Further, pursuant to the U.S. Risk Retention Rules and the EU/UK Risk Retention and Due Diligence Requirements, BlueMountain Fuji owns an interest in each CLO it advises to the extent required by such rules.

The fact that SPL and SPCM Clients and BlueMountain Fuji have significant financial ownership interests in certain CLOs creates a potential conflict in that it could cause BlueMountain Fuji to make different investment decisions than it would if such parties did not have such financial ownership interests. BlueMountain Fuji may have an incentive to favor accounts in which such persons have an interest with respect to trading opportunities, trade allocation and allocation of investment opportunities.

BlueMountain Fuji may cause certain CLOs to have exposure to issuers to which AGI, which is a 30% owner of Sound Point, has exposure in its financial guaranty insurance business. These issuers may include issuers whose securities and/or other instruments are held or controlled by CLOs as well as third-party issuers. The insurance-related activities of Assured Guaranty and the investment management activities of BlueMountain Fuji, undertaken by SPL personnel, are conducted independently of one another such that investment management activities do not take into account the exposure that Assured Guaranty may have with respect to any given issuer; provided however, that BlueMountain Fuji may be required to take certain actions, including divesting of the relevant securities, or refrain from taking certain actions in the event a material conflict arises with Assured Guaranty. Subject to its policy regarding conflicts of interests, in each such case, BlueMountain Fuji shall seek to act in the best interests of the CLOs.

SPL has adopted a policy intended to detect and prevent conflicts of interest that arise when the SPL's related persons own, buy or sell securities. SPL's personal securities transaction pre-clearance and reporting requirements can be requested by contacting Andrea Sayago, Chief Compliance Officer, at 212-895-2280 and/or at compliance@soundpointcap.com.

Additional conflicts are present in connection with the receipt by BlueMountain Fuji or an affiliate of management and performance-based fees. Except inasmuch as performance affects asset size and thus the amount of the management fee, management fees are payable without regard to the overall success or income earned by CLOs and therefore may create an incentive on the part of BlueMountain Fuji to raise or otherwise increase assets under management to a higher level than would be the case if BlueMountain Fuji were receiving a lower or no management fee. Performance-based fees also create certain inherent conflicts of interest with respect to BlueMountain Fuji's management of assets. Specifically, BlueMountain Fuji's entitlement to a performance-based fee in managing one or more accounts may create an incentive for it to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation.

C. If you or a *related person* invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a *related person* recommends to *clients*, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.

Potential Conflicts of Interest

SPL Covered Persons (including BlueMountain Fuji Covered Persons) are permitted to make securities transactions in their personal accounts, subject to certain limitations (including those discussed above in **Item 11**). This presents potential conflicts in that a Covered Person could make improper use of information regarding a CLO's holdings or future transactions, or research paid for by the CLOs. The SPL Group manages the potential conflicts of interest inherent in Covered Person trading by strict enforcement of the Code, which includes pre-clearance and reporting requirements as described above in **Item 11**. Please see **Item 11**, which discusses certain transactions between BlueMountain Fuji and the CLOs that are effected in order to comply with applicable risk retention rules.

BlueMountain Fuji may cause certain Advisory Clients to have exposure to issuers to which the SPL Group has exposure. These issuers may include SPL and affiliate CLOs as well as third-party issuers. AGL, which holds an indirect minority ownership interest in SPL, may from time to time provide credit protection in respect of certain tranches of collateralized loan obligations. To the extent AGL provides such credit protection on any tranche(s) of a collateralized loan obligation, AGL may have interests with respect to certain tranches of the collateralized loan obligation that are adverse to interests of holders of other tranches within such collateralized loan obligation. Similarly, an Advisory Client may hold debt of issuers that have issued debt of another class that is insured by AGL. BlueMountain Fuji and the SPL Group are operationally independent of AGL, which does not have authority over the day-to-day operations or investment decisions of BlueMountain Fuji and, subject to its policy on conflicts of interest, seeks to act in the best interest of its Advisory Clients.

As described above in Item 10, on limited occasions, the holdings of CLOs also could overlap with securities or other instruments held by the SPL Group. BlueMountain Fuji and SPL have implemented compliance policies and procedures designed to control the flow of information between SPL and BlueMountain Fuji and otherwise mitigate or eliminate conflicts of interest that could arise from the integration or other business relationships between SPL and BlueMountain Fuji. Such measures include, without limitation, subjecting certain SPL personnel to the compliance policies and procedures (including the Code of Ethics) adopted by BlueMountain Fuji. Further, in the event that any BlueMountain Fuji Covered Person becomes aware of a material conflict of interest between BlueMountain Fuji and/or a CLO on one hand and SPL on the other hand, such Covered Person is required to inform the Chief Compliance Officer of such conflict, and the Chief Compliance Officer then determines the appropriate course of action.

Although the Blackstone Accounts are operated separately from the CLOs, it is possible that the CLOs could: (i) buy an asset from, or sell an asset to, a Blackstone Account either directly or indirectly or (ii) invest in a common or related issuer. In these cases, the interests of the Blackstone Accounts could diverge from those of the CLOs. BlueMountain Fuji believes that any such conflicts are mitigated through BAS personnel not being involved in the day-to-day investment process for the CLOs, information barriers between BlueMountain Fuji and BAS and the use of separate investment personnel and processes by each.

SPL and its affiliates and employees engage in other activities, including providing investment management and advisory services to BlueMountain Fuji and other accounts, and shall not be required to refrain from any activity, to disgorge profits from any such activity or to devote all or any particular amount of time or effort of any of their officers, directors or employees to an BlueMountain Fuji CLO and its affairs. Such other accounts may pursue a substantially similar investment strategy as the strategy for an Advisory Client.

BlueMountain Fuji will from time to time participate in creditors' committees or ad hoc lenders groups with respect to the bankruptcy, restructuring or workout of borrowers (or issuers) held in Advisory Clients. In such circumstances, BlueMountain Fuji may take positions on behalf of certain Advisory Clients or be privy to information that restricts its ability to trade on behalf of any Advisory Client,

thereby creating a situation that is adverse to the interest of certain Advisory Clients. Further, participation in such sub-group of lenders may grant BlueMountain Fuji priority rights to invest in additional financing, which is not allocated pro rata among Advisory Clients for various reasons such as, but not limited to, cash or investment guidelines restrictions.

D. If you or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same securities for your own (or the *related person's* own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Please see **Item 11**.

Item 12 – Brokerage Practices

A. Describe the factors that you consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions).

1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.

a. Explain that when you use *client* brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.

b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your *clients*’ interest in receiving most favorable execution.

c. If you may cause *clients* to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.

d. Disclose whether you use soft dollar benefits to service all of your *clients*’ accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to *client* accounts proportionately to the soft dollar credits the accounts generate.

e. Describe the types of products and services you or any of your *related persons* acquired with *client* brokerage commissions (or markups or markdowns) within your last fiscal year.

f. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.

BlueMountain Fuji has authority for selecting the broker-dealer used in each transaction for CLOs and for negotiating the fees to be paid to the broker-dealer in connection with such transactions. In choosing brokers and dealers, BlueMountain Fuji is not required to consider any particular criteria. For the most part, BlueMountain Fuji seeks the best combination of brokerage expenses and execution quality but as discussed below, BlueMountain Fuji is not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. In evaluating “execution quality,” historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions is a principal factor, but other factors are also relevant, including: the execution, clearance, and settlement and error correction capabilities of the broker or dealer generally and in connection with loans or securities of the type and in the amounts to be bought or sold; the broker’s or dealer’s willingness to commit capital; reliability, responsiveness and financial stability of the broker dealer; the size of the transaction; and the market for the loan or security. In addition to execution quality, BlueMountain Fuji may consider whether a broker or dealer may provide access to management of companies in which BlueMountain Fuji or SPL or its affiliates has invested or is considering investing on behalf of its clients, though such considerations are not typically a part of BlueMountain Fuji’s selection process. CLOs may pay commissions to such firms in an amount greater than the amount another firm might charge.

In addition to execution quality and access to management, BlueMountain Fuji may consider the value of various research products or services, beyond execution, that a broker-dealer provides to CLOs or BlueMountain Fuji. Selecting a broker-dealer in recognition of such other services or products is known

as paying for those services or products with “soft dollars.” Because such research products or services could benefit BlueMountain Fuji or its affiliates, BlueMountain Fuji may have a conflict of interest in allocating CLO brokerage business. BlueMountain Fuji currently maintains no formalized “soft dollar” arrangements with broker-dealers but may do so in the future. With respect to any research products or services BlueMountain Fuji may receive from broker-dealers, and in the event that BlueMountain Fuji enters into any formalized “soft dollar” arrangements, BlueMountain Fuji intends to keep the use of “soft dollars” within the parameters of Section 28(e) of the Securities Exchange Act of 1934. Research that is received by BlueMountain Fuji or one of its affiliates may be used by personnel of BlueMountain Fuji or its affiliates, regardless of the investment strategy to which the research was initially intended to be applicable.

SPL has delegated to Sound Point the provision of certain services for the benefit of BlueMountain Fuji, and SPCM UK provides a portion of such services on behalf of Sound Point to BlueMountain Fuji. SPCM UK is an FCA authorized foreign private adviser and an indirect wholly owned subsidiary of Sound Point. SPCM UK allocates to broker-dealers certain securities transactions on behalf of Sound Point and BlueMountain Fuji; however, under the European Union directive and regulation Markets in Financial Instruments Directive (referred to as “MiFID II”), SPCM UK is prohibited from receiving from a third party any fees, commissions or monetary or non-monetary benefits (except, in the case of non-monetary benefits, where such benefits are “minor” in nature). Under MiFID II, non-monetary benefits include investment research. SPCM UK may not utilize “soft dollar” arrangements or receive bundled commission rates to obtain investment research from those broker-dealers. Accordingly, investment research utilized by SPCM UK is paid by Sound Point and then charged pro rata to the Advisory Clients that share in the benefit of such research.

Trade Errors

BlueMountain Fuji exercises due care in making and implementing investment decisions on behalf of its Advisory Clients. If an error occurs, BlueMountain Fuji seeks to ensure that the best interests of its Advisory Clients are served when correcting such errors. Errors in the trading process (*i.e.*, placement, execution, or settlement) will be considered to be “Trade Errors” under SPL’s trade error policy. Trade Errors do not include good faith errors in judgment in making investment decisions for clients or matters outside of the placement, execution and settlement of transactions. BlueMountain Fuji generally will not reimburse an Advisory Client for any loss resulting from the Trade Error unless the loss was the result of BlueMountain Fuji’s bad faith, fraud, gross negligence or reckless or intentional misconduct. In addition, BlueMountain Fuji will not compensate Advisory Clients for lost opportunities associated with Trade Errors. If a Trade Error results in a gain, the gain generally will accrue to the benefit of the affected Client Account. Under no circumstances may soft dollars be used to correct errors.

The Chief Compliance Officer (or their designee) reviews the quality of BlueMountain Fuji’s execution and the effectiveness of its order execution arrangements and execution policy.

Aggregation of Transactions

From time to time, BlueMountain Fuji combines, but is under no obligation to combine, orders on behalf of Advisory Clients with orders for other accounts for which SPL and/or affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, BlueMountain Fuji allocates the securities or proceeds arising out of those transactions (and the related transaction expenses) in accordance with its allocation guidelines. Such allocation guidelines are intended to ensure fair and equitable treatment of all Advisory Clients.

BlueMountain Fuji will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek best execution and is consistent with the terms of the investment guidelines and restrictions for

each Advisory Client for which trades are being aggregated. BlueMountain Fuji will not receive any additional compensation or remuneration of any kind as a result of the proposed aggregation. While BlueMountain Fuji believes combining orders in this way is, over time, advantageous to all participants, in particular cases the average price could be less advantageous to one Advisory Client than if such Advisory Client had been the only account effecting the transaction or had completed its transaction before the other participants.

Please see **Item 6** for additional information regarding BlueMountain Fuji's policy with respect to allocation of investment opportunities.

Cross and Principal Transactions

From time to time, BlueMountain Fuji will cause an Advisory Client to buy or sell investments directly from or to another Advisory Client. Such transactions may be effected through the use of an unaffiliated broker-dealer or may be effected directly between the Advisory Clients. BlueMountain Fuji may effect a cross transaction or a principal transaction under certain circumstances including, for example, if, as a result of liquidity management, exposure requirements, or other Advisory Client's specific factors, BlueMountain Fuji determines to reduce one Advisory Client's exposure to a particular investment and increase another Advisory Client's exposure to that investment.

With respect to any such transaction (i) the transaction must be effected at a price that is fair to clients on both sides of the trade, (ii) BlueMountain Fuji will not receive any compensation for effecting the trade and (iii) the trade must be in the best interests of both Advisory Clients.

2. Brokerage for *Client* Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a *related person* receives *client* referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving *client* referrals, rather than on your *clients'* interest in receiving most favorable execution.

b. Explain the procedures you used during your last fiscal year to direct *client* transactions to a particular broker-dealer in return for *client* referrals.

In selecting broker-dealers and negotiating the fees to be paid to them, BlueMountain Fuji takes into consideration the factors described in **Item 12** above. BlueMountain Fuji does not consider, in selecting or recommending broker-dealers, whether BlueMountain Fuji or its related persons receive client referrals from a broker-dealer or third party.

As part of its broker selection analysis, BlueMountain Fuji considers a broker-dealer's ability to provide BlueMountain Fuji with the opportunity to participate in capital introduction events sponsored by the broker-dealer and to refer investors to Advisory Clients. BlueMountain Fuji does not, however, select broker-dealers solely, or even largely, based upon such factors and does not direct Advisory Client transactions to a particular broker-dealer in return for referrals. BlueMountain Fuji recognizes that it may have an incentive to favor broker-dealers that provide capital introduction services to SPL or refer investors to Advisory Clients. BlueMountain Fuji receives asset-based fees and accordingly would receive a financial benefit from the increase in assets under management that results from capital introduction services and investor referrals. Similarly, BlueMountain Fuji receives a performance-based fee and accordingly could receive a larger performance-based fee in any given profit period as a result of an increase in assets under management that results from capital introduction services and investor referrals. The potential for higher fees presents a potential conflict in that BlueMountain Fuji has an incentive to favor broker-dealers that

provide services that have a direct impact on fees even if those broker-dealers rate unfavorably in other categories that are part of BlueMountain Fuji's broker selection analysis. BlueMountain Fuji addresses this potential conflict through its broker selection review process, which requires that key BlueMountain Fuji individuals look at a broker-dealer's performance in a wide variety of categories. Such reviews allow BlueMountain Fuji to determine when broker-dealers that outperform in capital introduction and investor referrals underperform in other areas. In such situations, BlueMountain Fuji may provide heightened scrutiny to a relationship with a broker-dealer.

3. Directed Brokerage.

a. If you routinely recommend, request or require that a *client* direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their *clients* to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of *client* transactions, and that this practice may cost *clients* more money.

b. If you permit a *client* to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of *client* transactions. Explain that directing brokerage may cost *clients* more money. For example, in a directed brokerage account, the *client* may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the *client* may receive less favorable prices.

BlueMountain Fuji does not have any directed brokerage arrangements.

B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various *client* accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to *clients* of not aggregating.

From time to time, BlueMountain Fuji combines, but is under no obligation to combine, orders on behalf of CLOs with orders for other accounts for which it or SPL or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, BlueMountain Fuji allocates the securities or proceeds arising out of those transactions (and the related transaction expenses) in accordance with its allocation guidelines. Such allocation guidelines are intended to ensure fair and equitable treatment of all Advisory Clients.

BlueMountain Fuji will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek best execution and is consistent with the terms of the investment guidelines and restrictions for each CLO for which trades are being aggregated. BlueMountain Fuji will not receive any additional compensation or remuneration of any kind as a result of the proposed aggregation. While BlueMountain Fuji believes combining orders in this way is, over time, advantageous to all participants, in particular cases the average price could be less advantageous to one CLO than if such CLO had been the only account effecting the transaction or had completed its transaction before the other participants.

Please see **Item 6** for additional information regarding BlueMountain Fuji's policy with respect to allocation of investment opportunities.

Item 13 – Review of Accounts

A. Indicate whether you periodically review *client* accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the *supervised persons* who conduct the review.

A portfolio manager of BlueMountain Fuji generally reviews events relevant to the portfolios of each CLO on a regular and ongoing basis to determine if they are consistent with applicable investment objectives and restrictions. The portfolio managers will also consider whether the portfolio should change investments based on various factors, including but not limited to, changes in company fundamentals, advisers, key industry personnel, analysts, news and press releases, general market conditions and assessment of the financial consequences of world events derived from general information or such other material as is appropriate under the particular circumstances.

B. If you review *client* accounts on other than a periodic basis, describe the factors that trigger a review.

Please see **Item 13.A.**

C. Describe the content and indicate the frequency of regular reports you provide to *clients* regarding their accounts. State whether these reports are written.

Investors in CLOs generally receive reports at such frequency and including such information as is required in the applicable governing documents of such CLOs. Typically, investors will receive unaudited trustee reports monthly.

CLO investors and prospective investors in CLOs should refer to the offering circular or other offering documents of the respective CLO for detailed information with respect to the reports they will receive in connection with an investment in such CLO. The information contained herein is intended as a summary of such offering documents and is qualified in its entirety by such documents.

Item 14 – Client Referrals and other Compensation

A. If someone who is not a *client* provides an economic benefit to you for providing investment advice or other advisory services to your *clients*, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

BlueMountain Fuji does not receive any monetary compensation or any other economic benefit from a non-client for BlueMountain Fuji's provision of investment advisory services to a client.

B. If you or a *related person* directly or indirectly compensates any *person* who is not your *supervised person* for *client* referrals, describe the arrangement and the compensation.

Currently, BlueMountain Fuji does not have agreements with third-party marketers. In the future, BlueMountain Fuji could enter into arrangements with third-party marketers whereby BlueMountain Fuji would compensate third parties who introduce BlueMountain Fuji investors to BlueMountain Fuji. Such compensation typically takes the form of a percentage of the management fees, performance fees and performance allocations received by a CLO manager from such investors. If arrangements are considered endorsements, they would be conducted in a manner that is consistent with Rule 206(4)-1, the new "Marketing Rule" under the Advisers Act and relevant SEC guidance. With respect to each CLO, one or more parties may act as an "initial purchaser" or "placement agent" with respect to such vehicle's issuance; however, such role terminates at the closing of the CLO, and no compensation paid in connection with such relationship is paid for client referrals.

Item 15 – Custody

If you have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.

BlueMountain Fuji is not deemed, under federal securities laws, to have custody of the assets of its CLOs by virtue of its status as investment manager or collateral manager. BlueMountain Fuji does not have actual physical custody of any CLO assets; the CLOs' assets are held in the custody of their respective trustees.

Item 16 – Investment Discretion

If you accept *discretionary authority* to manage securities accounts on behalf of *clients*, disclose this fact and describe any limitations *clients* may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

BlueMountain Fuji provides investment management and supervisory services on a discretionary basis on behalf of its CLOs. As described in **Item 4.C**, the advisory services provided by BlueMountain Fuji are tailored to the investment objectives, investment strategy and investment restrictions, if any, as set forth in the governing documents of CLOs and/or the investment management agreement entered into by BlueMountain Fuji with such clients.

Please see **Item 4** for additional information regarding BlueMountain Fuji's advisory services.

Item 17 – Voting Client Securities

A. If you have, or will accept, authority to vote *client* securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your *clients* can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your *clients* with respect to voting their securities. Describe how *clients* may obtain information from you about how you voted their securities. Explain to *clients* that they may obtain a copy of your proxy voting policies and procedures upon request.

From time to time, an issuer of an equity security that is owned by a CLO will conduct a proxy solicitation of its shareholders to vote on various matters. BlueMountain Fuji has adopted policies and procedures for voting proxies received by CLOs. As a general rule, the investment management agreements between BlueMountain Fuji and the CLOs delegate the power to vote such proxies to BlueMountain Fuji.

Unless the power to vote proxies for a CLO is reserved to such CLO, the CLO's portfolio manager(s) (or designees) by majority vote are responsible for voting proxies. Proxies related to securities held by a CLO are voted in a manner that the portfolio manager believes to be in the best interest of such CLO. As such, proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of holders of the class(es) of interest held by the CLO and, where relevant, shareholders and management and increase value for the CLO. However, if the portfolio manager believes, after evaluation of the issue presented, that a proposal is not in the best interest of the CLO, it may vote against such proposal. If a portfolio manager (or its designee) identifies a potential material conflict between a CLO's interests and BlueMountain Fuji's interest or between two or more CLO's interests, the portfolio manager shall inform the Chief Compliance Officer of such material conflict and the Chief Compliance Officer then determines the appropriate course of action. In the event of a potential material conflict between the interests of a portfolio manager or SPL and the interests of BlueMountain Fuji, the Blackstone Purchasers, BAS or a CLO is identified, the Chief Compliance Officer consults with the Board.

Information regarding how CLOs' proxies have been voted in the past and a copy of BlueMountain Fuji's Proxy Voting Policies and Procedures will be provided by BlueMountain Fuji to its clients upon request. BlueMountain Fuji's compliance team may be contacted at compliance@soundpointcap.com.

B. If you do not have authority to vote *client* securities, disclose this fact. Explain whether *clients* will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) *clients* can contact you with questions about a particular solicitation.

As a general rule, the investment management agreements between BlueMountain Fuji and its advised clients delegate the power to vote such proxies to BlueMountain Fuji.

Item 18 – Financial Information

A. If you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, include a balance sheet for your most recent fiscal year.

1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.

2. Show parenthetically the market or fair value of securities included at cost.

3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.

Not applicable.

B. If you have *discretionary authority* or *custody* of *client* funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to *clients*.

BlueMountain Fuji is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its CLOs.

C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

BlueMountain Fuji has not been the subject of a bankruptcy petition at any time during the past ten years (or at any time since inception).