

SPP CREDIT ADVISORS LLC

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FORM ADV PART 2

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This brochure provides information about the qualifications and business practices of SPP Credit Advisers LLC. If you have any questions about the contents of this brochure, please contact Amy Lazarus (212-455-4515) or alazarus@sppcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority and references in this brochure to SPP Credit Advisers LLC as a registered investment Adviser does not imply a certain level of skill or training.

Additional information about SPP Credit Advisers LLC also is available on the SEC's website at [www.Adviser](http://www.Adviser.info.sec.go) info.sec.go

Item 2. Material Changes

There are no material changes to report.

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Item 4. Advisory Business

Structure; History and Ownership

SPP Credit Advisors LLC (the “Adviser”), a Delaware limited liability company commenced operations in March 2021. Its principal place of business is New York, NY. The Adviser is wholly owned by its member, SPP JV Holdco, LLC (“JV Holdco”), a Delaware limited liability company. JV Holdco is owned by SPP Holdings, LLC (“SPP Holdings”), SPP Principal Investors II, LLC (“SPP Principal”), Confluence LLC, (“Confluence”) and PACA-SPP LLC (“PACA”). PACA is owned by Advantage Capital Holdings LLC. Kenneth King is the controlling member of Advantage Capital Holdings, LLC.

The Adviser has entered into a Management Services Agreement with SPP Capital Partners, LLC (“SPP Capital”), an affiliate of the Adviser, pursuant to which SPP Capital will provide consulting, management and Advisory services for the Adviser as the Adviser requires to perform its services to its clients.

The Adviser has an investment committee made up of up to five individuals appointed by PACA, Confluence and SPP Principal.

Types of Advisory Services

The Adviser has been engaged as a sub-Adviser by Advantage Capital Management LLC (“ACAP”) to provide discretionary investment Advisory services intended for institutional and other sophisticated investors. Currently, the Adviser has a private fund, SPP Opportunities, LLC (the “Fund ”,) and 5 insurance company for which it provides continuous discretionary Advisory services. ACAP may retain the Adviser to manage investments for other institutional investors (“Other Clients”).

The Adviser provides continuous Advisory services to the Fund, as described in more detail below, with respect to privately negotiated debt investments in lower middle market companies. The investment objective of the Adviser is to seek attractive risk-adjusted returns for its clients by generating interest income from debt investments exceeding the cost of capital. The Adviser’s focus is to invest in companies with enterprise values between \$50 million and \$300 million, and with EBITDA between \$5 million and \$20 million. The size of each investment will range from \$10 million to \$30 million, but, on an opportunistic basis, the Adviser may exceed this range.

The Adviser’s services include:

1. Identification, evaluation and assessment of potential investments;
2. Performance of due diligence of any potential investment;
3. Negotiation of the terms and execution of the purchase of any investment;
4. Monitor and administer performance of investments owned by the Fund or Other Clients.

Assets Under Management

As of August 25, 2023, the Adviser managed a total of \$108,918,276 of investments in negotiated private debt and cash. All are managed on a discretionary basis.

Item 5. Fees and Compensation

Fees

The Adviser charges fees based upon the value of the assets in the applicable accounts, the general performance of the accounts and particular characteristics of certain assets in the applicable accounts [(e.g., fees related to original issue discount with respect to certain notes)].

Fees will be negotiated with ACAP and reflected in the sub-Advisory agreement between the Adviser and ACAP. Whether fees are deducted from account assets, invoiced directly to the Fund and/or the Other Clients, or invoiced to the Adviser will be as agreed between the Adviser and ACAP.

The Adviser does not have a set fee schedule, as all fees are negotiated.

There are no additional fees paid in direct connection with the Adviser's services.

Fees based upon characteristics of certain assets recommended by the Adviser, such as a fee based upon original issue discount on notes acquired by the Fund or the Other Clients, create a conflict of interest for the Adviser as the Adviser will have an incentive to recommend investments with characteristics that will lead to higher fees for the Adviser but may be less profitable for the Fund or Other Clients. This issue is addressed by the Adviser's Code of Ethics (the "Code") that obligates the Adviser and its related persons to put the interests of the Adviser's clients (the "Clients") before their own interests when providing services to the Clients and to act honestly and fairly in all respects in their dealings with the Clients.

Expenses

In addition to management fees, the Fund will pay the accounting fees, costs, and expenses of the Fund, including without limitation, the annual audit, administration services, and tax preparation. Other Clients pays the Adviser management fees only.

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

As discussed in Item 5, the Adviser will be paid performance-based fees by or with respect to the Funds and the Other Clients. The Adviser does not currently have any clients that do not pay performance-based fees, and there the Adviser does not have an incentive to favor accounts that pay performance fees.

Item 7. Types of Clients

The Adviser's Clients include a private fund ("the Fund") and other clients that are insurance companies ("Other Clients"). The Adviser does not contemplate offering its services to retail investors.

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

Methods of Analysis and Investment Strategies

The Adviser employs an investment approach based on fundamental credit analysis. The Adviser identifies investment opportunities in the markets through established industry networks.

In evaluating potential investments, the Adviser may consider, among other factors, any of the following: industry dynamics, competitive environments, performance history and prospects, quality of ownership and sponsorship, quality of management, free cash flow, projected cash flow, quality and value of underlying collateral, downside protection and relative value opportunities within a borrower's capital structure and the market. As part of the research process for certain investments, the Adviser may, in its discretion, utilize third-party firms to conduct accounting, tax, valuation, legal, environmental and/or other due diligence.

The Adviser's investments generally originate from the following sources:

1. SPP Capital's proprietary database and network of borrowers and intermediaries;
2. Private equity sponsors;
3. Lending institutions, including agent and investment banks; and
4. Financial intermediaries.

Potential investments undergo a detailed review by the Adviser, which includes consideration of the following factors:

1. Competitive strengths/weaknesses of the borrower;
2. Purpose of the loan/use of funds;
3. Financial performance (historical and projected) of the borrower;
4. Overall business of the borrower, including products, services, management, sponsor, industry, and competition;
5. Enterprise and collateral value;
6. Transaction and corporate structure;
7. Exit alternatives; and
8. Any other identified weaknesses/risks and potential mitigating factors.

Risks Associated with the Adviser's Investment Strategy

General

All securities investments risk the loss of capital, which clients should be prepared to bear. The nature of the securities recommended by the Adviser may increase this risk.

Illiquidity

The Adviser is authorized to provide investment Advisory for lower middle market loans (the "Notes"). The Notes are negotiated private placements and, as such will be illiquid and have no, or only a limited, resale value. Investment in illiquid Notes may be restrictive in the ability to dispose of investments in a timely fashion and for a fair price and may result in the inability to pursue other favorable investment opportunities. Because of the unique and customized nature of most loan agreements, loans cannot be sold as easily as publicly traded securities and may or may not be freely transferable under the laws of the applicable jurisdiction or due to contractual restrictions on resale.

Significant Credit Risk

Middle market notes are generally issued by smaller, less creditworthy companies than investment grade issuers. The Notes typically involve a high degree of risk and are intended for sale only to sophisticated

investors who are capable of understanding and assuming the risks involved. In addition, the Notes will generally be unsecured and subordinated to the claims of more senior creditors.

Available Information and Fraud

The Adviser selects Notes for the Fund in part on the basis of information and data made directly available to the Adviser by the issuers, or through sources other than the issuers. Although the Adviser evaluates all such information and seeks independent corroboration when appropriate and reasonably available, the Adviser not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases complete and accurate information is not readily available.

Of paramount concern in originating the Notes is the possibility of material misrepresentation or omission on the part of the Note issuer. Such inaccuracy or incompleteness may adversely affect the value of the Notes. The Adviser will perform due diligence on the borrowers but will also rely upon the accuracy and completeness of certain representations made by borrowers to the extent reasonable.

Economic Conditions

Changes in economic conditions, including changes in interest rates, inflation rates, industry conditions, government regulation, competition, technological developments, political events and trends, tax laws and many other factors can affect substantially and adversely the business and prospects of the issuer of the Notes. None of these conditions is not within the control of the Adviser

Investments in Middle-Market Companies.

The Notes originated by the Adviser are issued by lower middle market companies. Most of these companies will be private. Investment in these companies involves a number of significant risks including:

- limited financial resources, inability to meet their obligations under their debt securities;
- shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- dependence on the management talents and efforts of a small group of persons, which means that the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on a company and, in turn, on the Notes;
- little public information making it difficult to make a fully informed investment decision.

Subordinated Loans

Many of the Notes purchased by the Fund will be subordinated loans, which will entail risks, including (i) the subordination of claims to a senior-lien in terms of the coverage and recovery of the collateral, (ii) the prohibition of or limitation on the right to foreclose or exercise other rights, and (iii) the inability to make certain decisions with respect to the obligor pursuant to any inter-creditor or similar arrangement with the first-lien lender. Accordingly, in certain cases, no recovery may be available from a defaulted subordinated loan. The level of risk associated with investments in subordinated loans increases to the extent such investments are loans of distressed or below investment grade issuers, which is likely.

Nonperformance

The Notes purchased by the Fund may become non-performing for a variety of reasons. Such non-performing loans may require substantial workout negotiations or restructuring that may entail, among other

things, a substantial reduction in the interest rate, a substantial write down of the principal amount of the loan and/or the deferral of payments. In addition, such negotiations or restructuring may be extensive and protracted over time and, therefore, may result in substantial uncertainty regarding the ultimate recovery. The Fund may also incur additional expenses to the extent they are required to seek recovery upon a default on a loan or participate in the restructuring of such obligations.

Limited Diversification

The Adviser is focused on a specific segment of the capital markets and are expected to offer only a limited number of investments, and as a consequence, the aggregate return on the Fund's investments may be adversely affected by the unfavorable performance of even a single investment.

Item 9. Disciplinary Information

There is no disciplinary history to report.

Item 10. Other Financial Industry Activities and Affiliations

Material Financial Industry Affiliations of the Firm

Four of the members of the Adviser's investment committee, and the Adviser's chief compliance officer, are officers of SPP Capital and are registered with FINRA as associated with SPP Capital. As described in Item 4 above, SPP Capital provides services to the Adviser for which it is entitled to fees. SPP Capital is 100% owned by SPP Holdings, which is an indirect owner of the Adviser.

One of the two Managers of the Adviser is associated with ACAP, an investment Adviser registered with the SEC. The Adviser will act as a sub-Adviser to ACAP with respect to the Fund and the Other Accounts. ACAP is a related party to the Adviser.

SPP Credit Fund II LP and SPP Credit Fund QP LP (collectively, "Fund II"), both private funds, are related parties to the Adviser. The Advisor acts as an administrative agent for Fund II in connection with one portfolio investment held by Fund II.

Five insurance company clients, including Haymarket Insurance Company, Sentinel Security Life Insurance Company, Jazz Reinsurance Company, Southern Atlantic Re Inc. and Atlantic Coast Life Insurance Company, are related parties to the Advisor. Sentinel Security Life Insurance and Atlantic Coast Life are also lenders to the Fund.

Conflicts of Interest

There may be a situation in which the Adviser is recommending Notes to a Client and SPP is representing the same issuer with respect to a different form of capital. SPP Capital is compensated by success fees upon closing which may be tied to the closing of the Notes being recommended to the Client. As a result, certain recommendations of the Adviser to a Client may cause SPP Capital to receive a fee, which represents a conflict of interest for the Adviser. In the event that SPP Capital is engaged in a transaction for an issuer of a recommended investment, the Adviser will disclose such arrangement to ACAP prior to a final approval by the ACAP.

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

Code of Ethics

The Adviser's Code of Ethics that obligates the Adviser and its related persons to put the interests of the Adviser's Clients before their own interests when providing services to the Clients and to act honestly and fairly in all respects in their dealings with the Clients. All of the Adviser's personnel are also required to comply with applicable federal securities laws. For a copy of the Code, Clients and prospective clients may contact Amy Lazarus (212-455-4515) alazarus@sppcapital.com.

The Adviser, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers of securities, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of a Client. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, including the Clients. The Adviser maintains written policies and procedures designed to prohibit the communication of such information to persons who do not have a legitimate need to know such information and to otherwise ensure that the Adviser is acting in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security. The Adviser and its personnel are prohibited from communicating such information with respect to the Clients or using such information for the Clients' benefit.

Interested Transactions

To the extent that the Adviser or its related persons has a financial interest in the same securities that the Adviser or a related person recommends to a Client, such practices present a conflict in which the Adviser's or its related person's objectivity may be impacted. Decisions made by the Adviser or its related person may adversely impact the Client to the benefit of the Adviser or the related person.

The Adviser has adopted a policy that prohibits Supervised Persons from purchasing securities issued by portfolio companies or listed as Restricted by the Compliance Officer. The Adviser's related persons are also required to provide a quarterly certification of personal securities transactions, as well as initial and annual holdings reports. Trading in employee accounts will be reviewed by the Chief Compliance Officer or her delegate and compared with transactions for the Client accounts and reviewed against the restricted securities list.

Allocation of Investment Opportunities

The Adviser may advise multiple clients with similar investment strategies. If an investment opportunity is appropriate for more than one Client, the Adviser determines, in its sole discretion, which Clients participate in the investment opportunity and to what extent. This could result in a Client receiving no allocation of a particular investment or receiving an allocation of an investment which is less than it would otherwise have received if the Adviser did not have multiple Clients.

In the event the Adviser determines that more than one Client should purchase or sell the same debt obligations simultaneously, the Adviser anticipates that such aggregate purchases or sales will be allocated in a manner believed by the Adviser in its discretion to be equitable to each purchaser or seller and intended to ensure, to the extent possible, that all of the Adviser's clients or accounts receive equitable treatment. It is possible, due to differing investment objectives or other reasons, that the Adviser may purchase debt obligations of an issuer for one client or account and sell such debt obligations for another client or account.

The Adviser has policies and procedures, to be followed when applicable, designed to allocate investment opportunities to Clients in a manner it deems to be fair and equitable taken as a whole (including, a complete opt out of an allocation) over time, consistent with the Client's investment strategy, guidelines, and objectives. Accordingly, the Adviser weighs factors it deems relevant when determining which Client portfolios receive particular investment allocations and to what extent. Such factors include, among others, investment objectives, target returns/yields, risk tolerance, investment guidelines, limitations and restrictions, market conditions, internal investment policies, expected duration of the investment, maturity constraints, cash positions or needs, existing and target issuer and industry exposures, issue size, tax gains/losses and any other factor deemed relevant by the Adviser in good faith. There is no assurance that any or all of these factors will be considered when making allocation decisions. The Adviser weighs any of these factors and other factors deemed relevant differently for each Client and therefore it should be expected that Client portfolios will hold differing proportional amounts of the same investment. Accordingly, it is possible that each and every Client will not receive an allocation of each and every investment opportunity. As such, the Adviser's policy affords it substantial discretion in allocating investment opportunities and the exercise of such discretion will affect Client performance. It is likely that Clients will participate in the gains or losses realized by other Clients with similar investment objectives, and it is unlikely that all Client portfolios will hold the same positions or will perform similarly, even when Clients share the same investment strategy and/or investment objective.

Item 12. Brokerage Practices

The nature of the Adviser's business does not expose the client to conflicts of interest with regard to brokerage practices. The Adviser's strategy is limited to the private credit markets where broker placement fees or costs are for the account of the issuers of the Notes.

Item 13. Review of Accounts

The members of the Adviser's investment committee meet on a quarterly basis to review and monitor the Clients' investment portfolios to determine whether current market conditions require a change to the investment parameters targeted for the Clients. The Adviser's review may consider specific securities held, adherence to investment guidelines and the Clients' performance. A summary of the review will be signed by the Managers.

Item 14. Client Referrals and Other Compensation

The Adviser does not receive an economic benefit from anyone who is not a client in connection with the Adviser's investment advice to its Clients. The Adviser does not compensate any person who is not a supervised person of the Adviser for client referrals.

Item 15. Custody

The Adviser or a related person may be deemed to have custody of the assets of the Fund. The Fund provides audited financial statements to investors within 120 days of the fiscal year end and, therefore, the Fund investors do not receive brokerage statements from a qualified custodian.

The Adviser has custody over certain of its Other Clients' assets. Such assets are held at a qualified custodian that provides quarterly statements to the Other Clients. In addition, the Adviser is subject to a surprise exam to confirm compliance with rule 206(4)-2(a) under the Investment Advisers Act of 1940.

Item 16. Investment Discretion

The Adviser provides investment Advisory services on a discretionary basis to its Clients. However, all investment decisions are subject to prior approval of ACAP's investment committee. The Adviser enters into an investment management agreement with each Client or with ACAP which sets forth the scope of the Adviser's discretion.

Item 17. Voting Client Securities

The Adviser will typically represent Clients with respect to consents to waivers or amendments to credit agreements. When evaluating such requests, the Adviser acts in a manner designed to serve the best economic interests of its Clients or avoid negative impact on such Clients, as determined by the Adviser in its reasonable discretion. Factors that are included in the Adviser's analysis may include the impact on the value of the Client's investments, anticipated costs and benefits, amendment fees, standard industry and business practices, and potential conflicts of interest.

Item 18. Financial Information

The Adviser does not charge any fees six months or more in advance.

The Adviser is not aware of any financial condition that is likely to impair its ability to meet its contractual commitments to the Clients.

The Adviser has never been the subject of a bankruptcy petition.