

New Mountain Vantage Advisers, L.L.C.

Part 2A of Form ADV

("The Brochure")

787 7th Avenue, 49th Floor
New York, NY 10019
<http://www.newmountaincapital.com>

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This brochure provides information about the qualifications and business practices of New Mountain Vantage Advisers, L.L.C. ("NMVA"). If you have any questions about the contents of this brochure, please contact us at 212-720-0300. 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 NMVA is also available on the SEC's website at:
www.adviserinfo.sec.gov.

2. Material Changes

NMVA's most recent update to Part 2 of Form ADV, made on March 31, 2011, incorporated significant changes to the content and format of Part 2 of Form ADV, as required by the SEC in 2010. Since the date of such update, "Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss" of this brochure has been updated to reflect amendments to the investment strategy described in the governing documents of the Funds (as defined below). In addition, pursuant to these amendments, existing investors are in the process of electing to convert their interests into one of three series, each of which is subject to unique management fee and liquidity terms, and new investors will select one of the three series at the time of making an investment. "Item 5 – Fees and Compensation" of this brochure has been updated to reflect that the asset-based management fee charged to a particular investor is generally tied to the liquidity option selected by such investor.

Only material changes to this brochure since the last annual update are discussed in this "Item 2 – Material Changes."

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4. Advisory Business

NMVA, a Delaware limited liability company formed in 2005, serves as an investment manager or adviser on a discretionary basis to New Mountain Vantage, L.P. and its parallel investment vehicles, which invest in securities and other financial instruments (together with one non-discretionary single investor investment vehicle formed in connection with an activist position for which NMV GP (defined below) serves as general partner, each a "Fund," and collectively, the

“Funds”). New Mountain Vantage GP, L.L.C. (“NMV GP”), a Delaware limited liability company and an affiliate of NMVA, serves as the general partner to each of the domestic Funds.

In providing advisory services to the Funds, NMVA manages the portfolio of securities and other investments, instruments and contracts belonging to the Funds, including the purchase, retention and disposition thereof and the execution of agreements relating thereto, in accordance with each Fund’s investment objective and policies as stated in the Fund’s offering documents and the investment, leverage or similar restrictions set forth in the Fund’s governing documents.

The Funds’ portfolios include predominately publicly traded equity securities, but NMVA may invest in other types of investments. Each of the Funds is generally invested *pari passu*, taking into consideration differences in investment strategy, individual account restrictions and other considerations. Based on specific investor-imposed restrictions, certain Funds may be excluded from certain investments, including those related to hedging and net exposure (e.g., single name market shorts, in which other Funds participate), which may cause disproportionate cash levels among the Funds. Further, the strategies relating to hedging and net exposure may also create some dispersion among the Funds with respect to specific investments. NMVA manages its hedging and net exposure as it deems appropriate based on these restrictions, unless otherwise directed by investors in the Funds.

Similarly, subject to portfolio manager discretion, NMVA may execute its hedging and net exposure strategies differently in Funds that are managed on an absolute (i.e. the domestic and offshore Funds) versus relative (i.e. the single investor Funds) basis. In making its decisions regarding the use of different hedging transactions in absolute versus relative Funds, NMVA will seek to execute its fiduciary duty by taking into account the following factors, among others: (1) the Funds’ overall equity market exposure; (2) the need to reduce or increase specific exposures; (3) whether a relative Fund is sufficiently hedged compared to its benchmark; and (4) whether the cost of executing a hedging transaction in a relative Fund outweighs the perceived benefit. While not the intent of NMVA, the use of different hedging strategies in the Funds may result in NMVA and NMV GP receiving higher or lower management fees and incentive allocations, respectively.

As of December 31, 2011, NMVA managed \$1,651,132,841 of client assets on a discretionary basis and \$51,447,951 of client assets on a non-discretionary basis.

5. Fees and Compensation

Compensation received by NMVA and NMV GP from the Funds is comprised of fees based on a percentage of assets under management and performance-based allocations, as applicable.

Management Fees

NMVA only provides services pursuant to an asset-based management fee with “qualified clients”, as such term is defined in Rule 205-3(d)(i) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”). NMVA’s asset-based management fees range up to 2.0% (per annum) of each investor’s capital account (prior to any non-crystallized incentive allocation, if any). The asset-based management fee charged to a particular investor is generally tied to the liquidity option selected by such investor. Asset-based fees are generally charged quarterly at the

commencement of the calendar quarter during which NMVA will perform the services to which the fees relate, and are generally debited from limited partners' capital accounts. Capital contributions made on a date other than the first day of a calendar quarter will be subject to a prorated portion of the asset-based fee for that calendar quarter with respect to such contribution based on the number of days remaining in that calendar quarter. NMVA, at its discretion, may waive all or a portion of the asset-based fee.

Performance Allocation

As general partner of a Fund, NMV GP is entitled to performance-based allocations, which generally range up to 20% of the net realized profits and net unrealized appreciation of the Fund's investment portfolio during each year and, which may, depending on the Fund, be subject to a high-water mark or a benchmark. In instances involving the relative Funds (i.e. the single investor Funds where the investor has assigned a specific benchmark), NMV GP may earn performance allocations on net realized losses and net unrealized depreciation where the Fund outperforms its assigned benchmark. Performance-based allocations are generally calculated on a monthly basis and crystallize as of the end of each fiscal year (December). NMVA, NMV GP or an affiliate may, at its discretion, with certain limitations, waive all or a portion of the performance-based allocation.

In connection with their significant investments in certain Funds, several institutional investors have received special terms with respect to their investment and NMVA may enter into other side letters or other writings with investors which have the effect of establishing rights under, or altering or supplementing the terms of, the relevant governing documents.

The Funds can terminate their investment management agreements with NMVA under the provisions of their respective governing documents. In such event, or in the event the date on which a Fund liquidates is a date other than the last day of a calendar quarter, NMVA will refund to the applicable Fund the amount of the most recent installment of the asset-based management fee allocable to the portion of the calendar quarter for which that installment was paid which is subsequent to the liquidation date.

Other Expenses

In addition to the foregoing, investors in the Funds generally bear expenses relating to the Funds' operations. These vary by Fund, but typically include: the fees and expenses of custodians, counsel, independent accountants, administrators, and other professionals and consultants (including unaffiliated third party individuals or firms that introduce investment opportunities to NMVA in connection with NMVA's activism initiatives), and any taxes, fees or other governmental charges levied against the Fund, interest on indebtedness, bank service fees, insurance premiums and any extraordinary expenses of the Fund, such as litigation and indemnification expenses. A Fund generally will also pay the out-of-pocket costs associated with making and realizing investments, such as brokerage commissions, certain regulatory filing and registration fees (including those related to the SEC and the Hart-Scott-Rodino Act) and other reporting and filing expenses and the costs incurred by the general partner in connection with specific shareholder initiatives (such as the costs of calling shareholder meetings, proxy solicitation fees and costs, and professional consulting fees). In the event that a Fund invests in a

master fund, the Fund will bear a pro rata share of such expenses of such master fund. Please see Item 12 – “Brokerage Practices” – for a discussion of brokerage costs.

Investors in the Funds generally also bear expenses relating to formation and the organization of the applicable Fund and the offering and sale of the interests therein, including external legal and accounting expenses, printing costs, travel and certain out-of-pocket expenses incurred by NMVA and/or New Mountain. To the extent a Fund incurs placement or finders’ fees for the use of a placement agent, management fees are reduced on a dollar for dollar basis.

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

As discussed under Item 5 – “Fees and Compensation” – above, NMV GP is entitled to performance-based allocations from the Funds. Although all third-party investors in the Funds are generally subject to such performance-based allocations, the terms of the performance-based allocation may vary from Fund to Fund. In addition, the performance allocation that is expected to be generated by a particular investment may vary from Fund to Fund and investor to investor. Therefore, there exists a potential conflict of interest with respect to the allocation of investment opportunities among multiple Funds whose governing documents provide for different terms, or which are in net gain / net loss positions. However, to address this potential conflict of interest, pursuant to NMVA’s allocation policies, investment opportunities are required to be allocated among Funds without regard to the fees generated by such allocation and the prospect of receiving performance allocations.

7. Types of Clients

The only investment advisory service provided by NMVA is in the capacity of acting as the investment adviser to the Funds. Investment advice is provided directly to the Funds and not individually to each Fund’s investors. Each domestic Fund is generally composed of “accredited investors” as that term is defined by Rule 501 of Regulation D under the Securities Act of 1933 (the “Securities Act”) and “qualified purchasers” under Section 2(a)(51)(A) of the Investment Company Act of 1940 (the “Investment Company Act”). NMVA’s offshore Fund is composed of investors who are generally “non-U.S. persons” as defined in Regulation S under the Securities Act or U.S. persons who meet the suitability standards that apply to the domestic Funds.

Details concerning applicable investor suitability criteria are set forth in the applicable Fund’s offering documents and subscription materials. The offering documents of each Fund generally provide for a minimum investment amount (typically \$1 million), although such minimums may be waived. NMVA does not impose any minimum dollar value of assets or other conditions in connection with its management of a Fund’s assets.

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

The Funds advised by NMVA have the objective of generating attractive long-term returns in excess of the broader U.S. equity markets (such as the S&P 500 TR Index) while attempting to do so with lower risk than that associated with such markets. Specifically, NMVA invests primarily in long and short equities and in derivative instruments, and seeks to apply New Mountain’s prior ownership skills of private companies and experience to the public markets to meet its objective.

The Fund has historically employed no portfolio leverage to enhance its investment capacity. Additionally, the Fund generally employs portfolio, sector, and single name hedges as well as a shorting strategy, and employs add, trim and exit price levels for its positions. For quality and risk control purposes, core positions of the Fund (generally those over 3% of aggregate Fund assets) are subject to extensive review by the Firm's investment committee. This risk management strategy is a cornerstone of New Mountain's investment approach.

In evaluating long equity opportunities, NMVA generally seeks one or more of the following characteristics:

- (1) Strong business models in defensive growth industries that are temporarily out-of-favor or in transition, providing a compelling entry point.
- (2) Situations where NMVA can add value to a company through constructive activism and/or long term business building. This can include operational improvements, capital allocation changes, mergers and acquisitions and other strategic or governance changes.
- (3) Securities that NMVA believes are underfollowed or misunderstood by the investment community, often in cases where there may be forced or technical selling, a complicated story or an asset arbitrage opportunity.

In evaluating NMVA's individual short opportunities, NMVA generally focuses on what it believes to be weak business models or flawed industry structures, among other factors. NMVA will also engage in pair trades to exploit relative value differences.

Regarding NMVA's derivatives strategy, NMVA employs macro, sector and single name hedges with the goals of protecting capital during market corrections, reducing the volatility of the Fund and managing exposures.

Notwithstanding the above, NMVA may pursue a wide variety of public equity investment strategies and may modify or depart from the investment strategy and investment process described above if it identifies public equity investment opportunities that it believes are sufficiently attractive for the Funds on a risk/reward basis.

Investing in the Funds involves material risks, including the risk of loss. The following is a list of certain material risks that are generally applicable to investments in the Funds. However, investors should also review the offering documents of the applicable Fund to understand the risks and potential conflicts of interest associated with an investment in such Fund.

No Assurance of Investment Return

There can be no assurance that any Fund will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of investments in which such Fund participates. An investment in a Fund should only be considered by persons who can afford a loss of their entire investment. There may be little or no near-term cash flows available to the investors from any Fund and there can be no assurance that such Fund will make any distribution to the investors. There can be no assurance that projected or targeted returns for any Fund will be achieved.

General Economic and Market Conditions

The success of a Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls, and national and international political circumstances. These factors may affect the level and volatility of financial instruments' prices and the liquidity of such Fund's investments. A Fund's financial condition and profitability may be adversely affected by a significant general economic downturn.

Risks of NMVA's Investment Strategy

Market Risk. There can be no assurance that NMVA will be able to accurately predict price movements of securities and derivatives held by a Fund; its strategies utilized for moderating such risk and valuation models may produce an adverse impact on a Fund.

Limited Information. A Fund's investments will be made based on information available to the public, in conjunction with NMVA's proprietary analysis of such information. Therefore, the greater risk that a Fund may invest on the basis of incomplete or inaccurate information may adversely affect the Fund's investment performance.

Higher Investment Expenses. NMVA's investment strategy could produce higher investment expenses.

Impact of Uncertainty. Attempts of initiating a new business strategy or a restructuring program for a portfolio company may introduce uncertainty into the company's relations with its employees, customers and suppliers, which may adversely affect the company's business.

Adverse Publicity. Certain activities a Fund resorts to, such as litigation or proxy solicitations, in order to protect the value of its investments, may produce negative publicity for such Fund.

Management Opposition. There can be no assurance that the management of any portfolio company will agree to NMVA's proposed strategic initiatives, or that the strategy or strategies that NMVA helps to implement will be effective. In addition, implementation of NMVA's investment strategy may subject a Fund and its affiliates to potential risks and liabilities, including the costs of litigation and other claims.

Derivative Instruments/Hedging

The Funds use, directly and indirectly, various derivative instruments. However, subject to portfolio manager discretion, NMVA may exclude certain derivatives transactions from certain fund vehicles based on their respective investment objective or other considerations. Use of derivative instruments presents various risks which include the following:

Tracking. When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent a Fund from achieving the intended hedging effect or expose the Fund to the risk of loss.

Liquidity. Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances so that in volatile markets a Fund may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on

exchanges on which a Fund may conduct its transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the Fund to the potential of greater losses.

Leverage. Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments may magnify the gains and losses experienced by a Fund and could cause the Fund's net asset value to be subject to wider fluctuations than would be the case if the Fund did not use the leverage feature in derivative instruments.

Over-the-Counter Trading. Derivative instruments that may be purchased or sold by a Fund may include instruments not traded on an exchange. The risk of nonperformance by the obligor on such an instrument may be greater and the ease with which the Fund can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange traded instrument. In addition, significant disparities may exist between "bid" and "asked" prices for derivative instruments that are not traded on an exchange.

Hedging Policies/Risks

Employing hedging techniques may entail certain risks. The success of the hedging strategy will depend, in part, upon NMVA's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Unanticipated changes in interest rates, securities prices, currency exchange rates and other factors may result in a poorer overall performance for a Fund than if it had not entered into such hedging transactions.

Additionally, each of the Funds is generally invested *pari passu*, taking into consideration individual account restrictions and other considerations. However, based on specific investor-imposed restrictions, certain of the Funds may be excluded from certain investments, including those related to hedging and net exposure, which may cause disproportionate cash levels among such vehicles. Further, the strategies relating to hedging and net exposure may also create some dispersion among the Funds with respect to specific investments. NMVA manages its hedging and net exposure as it deems appropriate based on these restrictions, unless otherwise directed by investors in a Fund.

Short Sales; Securities Lending

The Funds may sell securities short. Short selling is subject to the theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. In addition, a Fund may lend its securities. While the securities lending agreements generally will require that the loans be secured by collateral on a current basis equal in value to at least the market value of the loaned securities, a Fund is nonetheless exposed to credit risks to the extent that any counterparty to such lending arrangement defaults on its obligations to return the borrowed securities.

Convertible Securities

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a Fund is called for redemption, the Fund will be required to permit the issuer to redeem the

security, convert it into the underlying common stock or sell it to a third-party. Any of these actions could have an adverse effect on the Fund's ability to achieve its investment objective.

Commodities Investments

The prices of commodities contracts, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the underlying commodities. In addition, the Fund's assets are subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses or counterparties.

Risks Related to Synthetic Assets

A Fund may acquire exposure to the risk of certain investments indirectly by entering into derivatives transactions. In the event of the insolvency of the counterparty, a Fund will be treated as a general creditor of the counterparty, and will not have any claim of title with respect to the equities. Consequently, the Fund will be subject to the credit risk of the counterparty, as well as that of the issuer. Synthetic assets are expected to be less liquid and not as tradable as other collateral obligations and may be subject to more variability between their market value and actual sale price of the underlying equity than other collateral obligations so that in volatile markets a Fund may not be able to close out a position without incurring a loss.

Broker or Dealer Insolvency

Any of a Fund's brokers or dealers could become insolvent. There may be credit risks with respect to such brokers or dealers, as well as practical or timing issues associated with enforcing the rights of the Fund to its respective assets in the case of an insolvency of any such party. In order to provide sufficient funds to pay substantial withdrawals, a Fund might be required to liquidate positions at an inappropriate time or on unfavorable terms, and the liquidation of a portion of a position may have an adverse effect on the market price of the remaining portion of the position.

Operational and Systems Risks

A Fund will use various programs and systems in securities transactions and operations. These programs or systems may be subject to defect, failure or interruptions that could have a material adverse effect on the Fund. Operational risks may cause a Fund to suffer financial loss, the disruption of its business, liability to clients or third parties, regulatory intervention or reputational damage.

Material, Non-Public Information

By reason of their responsibilities in connection with their other New Mountain activities, as well as their other outside activities (e.g. corporate board participation), New Mountain's personnel

and Senior Advisors¹ may acquire confidential or material non-public information, which may restrict a Fund from initiating or otherwise transacting in certain securities.

Potential Conflicts of Interest

Investors should be aware that there will be occasions when NMVA and its affiliates may encounter potential conflicts of interest in connection with the Funds, including with respect to other investment vehicles and relationships and allocations of investment opportunities, allocation of personnel, diverse investor group, conflicts of interest related to performance based allocations and being in possession of material non-public information which may restrict the ability of NMVA to enter into certain transactions. Investors should review the offering documents of the applicable Fund, as well as the disclosures contained herein, to understand the potential conflicts of interest associated with an investment in such Fund.

9. Disciplinary Information

NMVA and its management persons have not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of NMVA's advisory business or the integrity of its management.

10. Other Financial Industry Activities and Affiliations

Relying Adviser

NMV GP serves as the general partner to each of the domestic Funds, and as the investment adviser or manager to NMV Special Holdings, L.L.C. The sole indirect owner of NMVA is also the managing member of NMV GP and also serves as a member of the board of directors for the offshore Fund. NMVA has been retained by the Funds to serve as the investment adviser and/or investment manager and is responsible for the management of their respective assets.

NMVA and NMV GP are together filing a single Form ADV in reliance on the response of the Office of Investment Adviser Regulation Division of Investment Management dated January 18, 2012 to the Subcommittee on Hedge Funds of the Federal Regulation of Securities Committee of the Business Law Section of the American Bar Association.

Affiliated Advisers

New Mountain Capital I, L.L.C., New Mountain Capital, L.L.C., and New Mountain Finance Advisers BDC, L.L.C. (the "Affiliated Advisers") are advisory affiliates of NMVA, and serve as the managers to three private equity investment funds and one publicly traded debt fund that is organized as a business development company under the Investment Company Act (and their

¹ Generally, New Mountain's Senior Advisors are not employees of New Mountain or its advisory affiliates. Rather, they are consultants that provide general market or industry expertise on specific projects or transactions. Similar to New Mountain employees, New Mountain Senior Advisors may, in connection with activities related or unrelated to New Mountain, also serve as directors of unaffiliated public companies with the notification or approval of the Chief Compliance Officer (see footnote 2 for additional details). Senior Advisors may also hold senior management or operating positions at portfolio companies advised by one or more of NMVA's Affiliated Advisers. In these instances, directors' fees paid to Senior Advisors do not offset the management fees payable by investors in the Funds.

respective related investment vehicles). Affiliates of the Affiliated Advisers and of NMVA serve as the general partners of the private equity funds. Although the investment strategies of the Funds managed by NMVA are different from the strategies of the vehicles managed by the Affiliated Advisers, NMVA expects to rely heavily on the extensive expertise and industry relationships developed by the employees of the Affiliated Advisers to identify and evaluate potential investment opportunities for the NMVA Funds.

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

Code of Ethics/Personal Trading

NMVA has adopted a formal code of ethics and insider trading policies and procedures (the “Code”) to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act (“Rule 204A-1”). For purposes of Rule 204A-1, all New Mountain employees are designated as “access persons” (“Access Persons”). Based on relevant risk-based assessments, New Mountain also designates certain non-employee consultants, including New Mountain Senior Advisors, as Access Persons for purposes of Rule 204A-1. Although certain New Mountain Senior Advisors provide direct consulting services to the Funds, these individuals do not exercise investment discretion over the Funds, nor are they responsible for any of the ultimate investment decisions made in the portfolio.

Rule 204A-1 requires NMVA to adopt a code of ethics that sets forth a standard of business conduct and compliance with federal securities laws by all of NMVA’s Access Persons. Procedures have been adopted to ensure compliance with the provisions of the Code, including pre-approval of personal securities transactions and a 60-day holding requirement for all positions requiring pre-approval, annual affirmations of compliance and regular reviews of holdings and transactions. NMVA and its Access Persons are generally not permitted to trade in securities maintained on the firm’s restricted list or under active consideration for the Funds, except in some very limited circumstances that require pre-approval by the Chief Compliance Officer (or Compliance Representative). NMC has retained Compliance Science, a third-party technology vendor, to assist the Chief Compliance Officer (or Compliance Representative) in the periodic review of all Access Persons’ brokerage statements and other related investment reports.

Further, the principal of NMVA, its employees and New Mountain Senior Advisors, may sit on boards of public companies, including those in which the Funds are invested. Board service is subject to the approval of NMVA, and the Chief Compliance Officer (or Compliance Representative) is responsible for identifying and escalating any conflicts related thereto.² In these instances, non-board Access Persons are restricted from trading in those portfolio companies while the principal, any NMVA employee and/or any New Mountain Senior Advisor remains on the board. Such public companies will generally remain on the firm’s restricted list for thirty (30) days following the date of termination of service to the board.

² All Employees must pre-clear all outside corporate board memberships with the Chief Compliance Officer. Upon engaging with New Mountain, Senior Advisors are required to notify the Chief Compliance Officer of all active corporate board memberships, and prior to accepting any such membership, if already engaged by New Mountain.

Similarly in these instances, the Funds are generally restricted from trading in those portfolio companies, except during open window periods prescribed by the issuer. In addition, public companies under active consideration for one of NMVA's Affiliated Advisers may also be placed on the restricted list. Due to these restrictions, however, NMVA and/or the Funds may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold, which may result in a financial loss, or lost opportunity, to the Funds. Exceptions to this policy may be granted by the Chief Compliance Officer (or Compliance Representative), who will document such exceptions appropriately.

NMVA Access Persons are required to attend a mandatory annual training on the Code. A copy of NMVA's Code will be provided to any investor or prospective investor upon request.

Participation or Interest in Client Transactions

At times, NMVA may invest Fund assets in investment vehicles in which its related persons may have a business relationship or may have an investment position, which could be viewed as giving rise to a conflict of interest. However, it is NMVA's policy that no such investments will be made unless NMVA determines that the investments are in the best interests of the Funds and NMVA has ensured that such investments are made in compliance with its insider trading policy and are consistent with its fiduciary duties.

Section 206(3) of the Advisers Act places restrictions on NMVA's ability, acting for its own account (or the account of an affiliate) to buy a security from, or sell a security to, a client's account. Such transaction is known as a "principal transaction." Section 206(3) of the Advisers Act requires an investment adviser to provide written disclosure to a client and obtain the client's consent prior to settlement of any "principal transactions." Although there are currently no such Funds, NMVA would prohibit principal transactions in Funds subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Further, it is NMVA's policy not to, directly or indirectly, while acting as principal for its own account, knowingly sell any security to, or purchase any security from, a non-ERISA Fund without disclosing to the Fund's advisory board in writing prior to the settlement of such transaction, the capacity in which NMVA is acting and obtaining the consent from the advisory board.

Occasionally, and generally for the purpose of rebalancing, NMVA may engage in "cross transactions," which occur when a transaction is effected directly between two or more of NMVA's Funds. Cross transactions may benefit clients because they can avoid transaction fees. They also create conflicts of interest because, by not exposing buy and sell transactions to market forces, clients may not receive the benefits of best price, or, an adviser might seek to prop up the performance of one client by selling under-performing assets to another client in order, for example, to earn higher fees. It is NMVA's policy when purchasing a security for one of the Funds from the account of another of the Funds, for purposes of rebalancing Funds investments or any other purpose, to determine independently for each Fund that such purchase or sale would be appropriate based on the Fund's investment/risk parameters, assets under management, liquidity and portfolio exposure, and that no Fund was favored over another as a result of the cross transaction(s) (including with respect to pricing). All "cross trades" must be approved by the Chief Compliance Officer (or Compliance Representative). Currently, none of the Fund assets

managed by NMVA are subject to ERISA, but if those circumstances changed, NMVA would prohibit cross transactions between Funds subject to ERISA.

Affirmative obligations may exist or may arise in the future whereby NMVA and/or its affiliates are obligated to offer certain investments to funds or other clients that they manage or advise, or whereby, based on an investor restriction, NMVA is prohibited from offering certain investments to certain Funds it advises. Absent such obligations, NMVA and/or its affiliates may make an investment on behalf of any client that it advises without offering the investment opportunity to any other client. Additionally, neither NMVA nor any of its affiliates is under any obligation (a) to offer investment opportunities of which it or they become aware to its or their clients or (b) to inform its or their clients of any investment before offering such investment to other funds or clients that NMVA and/or its affiliates manage or advise. NMVA will endeavor to resolve any conflict with respect to investment opportunities in a manner that it deems equitable under the facts and circumstances, consistent with its fiduciary duties.

12. Brokerage Practices

NMVA has authority to determine, without first obtaining specific client consent, the type and amount of securities to be bought or sold, the broker or dealer used and the commission rates paid. In making its decisions regarding the allocation of brokerage transactions for the Funds, NMVA seeks to obtain the best execution, taking into account the following factors: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker-dealer; (iv) the quality, comprehensiveness and frequency of available research services considered to be of value to NMVA and its clients; (v) the value of brokerage services over and above trade execution provided to NMVA and its clients; (vi) the competitiveness of commission rates in comparison with other broker-dealers satisfying NMVA's other selection criteria; and (vii) any other factors NMVA considers to be in the best interest of the Funds. Although NMVA generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Among other reasons, transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services.

Additionally, NMVA may receive an economic benefit by having fees waived or by not being charged for utilizing specialized services, which may include investment adviser electronic information downloads, access to specialized institutional brokerage trading and customer service teams, and/or specialized batched statements. NMVA believes that by utilizing these services, NMVA is able to more efficiently manage the Funds and execute its fiduciary duties in connection therewith.

Research and Other Soft Dollar Benefits

NMVA has no "soft dollars" arrangement with any broker-dealer at present. In the event that NMVA does enter into a "soft dollars" arrangement, the following policy will apply to NMVA's "soft dollars" practices:

As discussed above, in selecting a broker for any transaction or series of transactions, NMVA may consider a number of factors. Where best execution may be obtained from more than one broker, NMVA may purchase and sell securities through brokers that provide research, statistical and other information, although not all Funds may in every instance be the direct beneficiaries of the research services provided. Research furnished by brokers may include, but is not limited to, information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts and personal meetings with security analysts.

Broker Selection

In selecting a broker, NMVA makes a good faith determination that the amount of such transaction fee charges is reasonable in comparison to the value of the research services provided and that such research benefits the Fund (or together with other Funds managed by NMVA) for which securities transactions are placed. NMVA's acceptance of research from brokers is done in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934.

The use of brokerage commissions (or markups or markdowns) to obtain research or other products or services could be viewed as a benefit to NMVA since it does not have to pay for such research, products or services. As a result, NMVA could be viewed as having an incentive to select a broker-dealer based on such interest, rather than on the Funds' interest in receiving best execution. However, as discussed above, NMVA seeks to obtain the best execution with respect to brokerage transactions, and will conduct a formal review of best execution no less than quarterly through its best execution committee, which oversees NMVA's brokerage practices.

Services obtained partially or fully through "soft dollars" will be paid using a "pay on demand" daily or monthly approach using a reasonable allocation method (generally based on weighted asset size or trade allocation) between Funds as needed.

Brokerage for Client Referrals

The broker-dealers that have entered into prime brokerage arrangements with NMVA may occasionally provide NMVA with introductions to potential Fund investors. NMVA does not compensate these broker-dealers based on such introductions, and it is NMVA's policy not to consider these referrals in selecting broker-dealers.

Block Trades

NMVA will aggregate a Fund's securities transactions with those of other client trades that are being made simultaneously if NMVA believes aggregation is reasonably likely to result in an overall economic benefit to its Funds in the aggregate. This belief is based on an evaluation that Funds are benefited by relatively better purchase and sale prices, lower commission expenses, beneficial transaction timing and other similar factors. Purchase and sale orders may be combined for NMVA's Funds with each entity paying its proportionate share of the total commission and paying or receiving its proportionate share of the total cost or sales proceeds. All Funds participate at the average purchase or sale price and no client Fund will be favored over another. Exceptions

to the policy of using the average purchase price or sale price may be granted, in limited situations, by the Chief Compliance Officer (or Compliance Representative). In those instances, appropriate documentation supporting the exception will be maintained. If NMVA does not aggregate a Fund's transactions with NMVA's other Funds, each client may be competing for similar positions and, depending on whose order is placed first, the difference in timing may result in some clients receiving better execution than others.

13. Review of Accounts

Accounts under NMVA's management are monitored on a daily basis by the Portfolio Management Team and the Operations and Trading Team, and are also subject to a more detailed review on a monthly basis by the Chief Financial Officer, Controller and Accounting Team. These reviews are designed to monitor and analyze the transactions, positions and investment levels of the client Funds. The Chief Compliance Officer (or Compliance Representative) also performs a variety of periodic (daily, weekly, monthly, quarterly, etc.) account reviews as part of the overall Rule 206(4)-7 annual compliance reviews.

Additionally, the offshore fund maintains a board of directors that includes at least one independent director, and which meets on at least an annual basis to, among other things, review and approve the Fund's annual audited financial statements prior to distribution to investors.

NMVA does not provide reports to the Funds. Rather, the Funds to which NMVA provides investment advice furnish each investor in such Funds with an annual report, which includes audited financial statements (see Item 15. Custody, below). NMVA, through its administrator (Goldman Sachs Administration Serves ("GSAS")), also provides each investor with access to a monthly report which includes a statement of the net asset value of the investor's interest.

14. Client Referrals and Other Compensation

NMVA does not receive any economic benefit (including commissions, equipment or non-research services) from a non-client for providing investment advice or other advisory services to the client Funds.

NMVA has not paid any placement agent fees to third parties for referring prospective investors to it, but may do so in the future, in accordance with applicable state and local laws, and SEC rules and regulations. In the past, NMVA's affiliates have caused their respective funds to pay placement agent fees to third parties for referring prospective investors to it and may also do so in the future. In those instances, any placement fees paid by a Fund to third parties will be offset against the asset-based management fee with respect to such Fund, as discussed under Item 5 – "Fees and Compensation" above.

Similarly, NMVA or its affiliates do not currently pay cash fees, directly or indirectly, to third party solicitors for referring prospective investors, but reserve the right to do so in the future, in accordance with Rule 206(4)-3 of the Advisers Act.

15. Custody

All Fund assets are held in custody by unaffiliated broker-dealers or banks, however NMVA has access to client accounts since it or an affiliate serves as the investment manager or general partner of each Fund. Investors will not receive annual statements from the custodian. Instead, the Funds are subject to an independent annual audit and the audited financial statements are distributed to each investor by the Funds' administrator (GSAS).

The audited financial statements are issued by an independent auditor (*Deloitte & Touché Ireland* for the onshore funds and *Deloitte & Touché Cayman Islands* for the offshore funds) in accordance with generally accepted accounting principles, are audited in accordance with generally accepted auditing standards and are generally distributed within 90 days of the applicable Fund's fiscal year end, pursuant to the Fund's governing documents. For the periods prior to the distribution of the audited financial statements, NMVA, through its administrator, also provides each investor with access to a monthly report which includes a statement of the net asset value of the investor's interest.

16. Investment Discretion

NMVA or one of its affiliates (typically New Mountain Vantage GP, L.L.C.) generally has discretionary investment authority for the Funds. Where applicable, this discretion generally is subject only to the investment guidelines set forth in the governing documents of the applicable Fund.

17. Voting Client Securities

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, NMVA is charged with identifying the proxies upon which NMVA will vote, voting the proxies in the best interest of clients, and submitting the proxies promptly and properly. All proxies that NMVA receives will be treated in accordance with these policies and procedures.

NMVA's policy is to vote client proxies in what it determines to be in the interest of maximizing investor value. To that end, NMVA will vote in a way that it believes is consistent with its fiduciary duty, and in a way that NMVA believes will cause the issue to increase the most or decline the least in value as a result of the vote. Consideration will be given to both the short-term and long-term implications of the proposal to be voted on when considering the optimal vote. In practice, NMVA's procedures provide for a proxy voting committee (the "Proxy Committee") to convene and to determine the appropriate vote for each proxy. Decisions of the Proxy Committee must be unanimous. If a unanimous decision cannot be reached by the Proxy Committee, a competent third party will be engaged, at NMVA's expense, who will determine the vote that will maximize shareholder value. As an added protection, the third party's decision is binding.

NMVA has identified one potential conflict of interest between its client interests and its own arising from its proxy voting process. From time to time, NMVA may be in a position where it must vote to approve certain directors' participation on the boards of public companies in which the Funds invest. Since New Mountain's employees and Senior Advisors are permitted to participate on public company boards (upon notification to, or approval by, the Chief Compliance

Officer, as applicable) there may be situations where NMVA is required to vote in favor of, or against, a public company director that is also compensated as an employee or New Mountain Senior Advisor.

A copy of NMVA's proxy voting policies and procedures is memorialized in writing and are available for review upon request. Information on how NMVA voted proxies is also available upon request.

18. Financial Information

NMVA has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.