

New Mountain Vantage Advisers, L.L.C. Part 2A of Form ADV ("The Brochure")

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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. An investment adviser's registration with the SEC does not imply any level of skill or training.

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 was made on January 2, 2015 in connection with an other-than-annual amendment that disclosed material changes in Items 11 and 13 of this Part 2A involving certain NMVA personnel. There have been no additional material updates since that time.

3. Table of Contents

Material Changes	2
Table of Contents	2
Advisory Business	2
Fees and Compensation	3
Performance Based Fees and Side-by-Side Management	5
Types of Clients.....	5
Methods of Analysis, Investment Strategies and Risk of Loss	6
Disciplinary Information	15
Other Financial Industry Activities and Affiliations	15
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	15
Brokerage Practices	18
Review of Accounts	20
Client Referrals and Other Compensation.....	20
Custody	21
Investment Discretion.....	21
Voting Client Securities	22
Financial Information	22

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. ("NMV LP"), an onshore fund, and its four parallel investment vehicles: New Mountain Vantage (Cayman), Ltd. ("NMV Cayman"), New Mountain Vantage LO, L.P. (including its offshore feeder fund, New Mountain Vantage LO (Cayman) Ltd., collectively "NMV LO"), New Mountain Vantage (California), L.P. ("NMV California I") and New Mountain Vantage (California II), L.P. (NMV California II") (each a "Fund," and collectively, the "Funds") to invest in securities and other financial instruments.

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.

The sole member of NMVA is New Mountain Capital Group, L.L.C. (together with its affiliates (including New Mountain Capital, L.L.C.), "New Mountain"), whose sole member is Steven B. Klinsky. NMV GP is owned by Steven B. Klinsky and the other principals of New Mountain.

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 domestic 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 alpha 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. Please see Item 8 – "Methods of Analysis, Investment Strategies and Risk of Loss" for a discussion of *pari passu* investing.

Similarly, subject to portfolio manager discretion, NMVA may execute its hedging and net exposure strategies differently in the long/short Funds (i.e. NMV LP and NMV Cayman) versus the long-biased Funds (i.e. the single investor Funds and NMV LO). In prior investor communication and/or disclosures, the long/short Funds and long-biased Funds were previously referred to as the "absolute funds" and "relative funds", respectively. In making its decisions regarding the use of different hedging transactions in long/short versus long-biased 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 long-biased Fund is sufficiently hedged compared to its benchmark; and (4) whether the cost of executing a hedging transaction in a long-biased 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, 2014, NMVA managed regulatory assets under of management of \$3,027,400,579 on a 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's asset-based management fees range up to a maximum of 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 and may be tied to investor size or timing of investment into the Fund. 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 are subject to a high-water mark, and may, depending on the Fund, be subject to a hurdle. In instances involving the long-biased 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 on an investor-by-investor basis, 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 similar written agreements 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. Upon the occurrence of such an event, or if 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 (who may receive flat commissions, profit sharing or others types of fees), 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 U.S. Securities and Exchange Commission (the "U.S. 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). The Funds' offering documents further clarify such expenses to include other investment and trading-related expenses (including ticket charges, expenses related to short sales, clearing, and settlement charges, custodial fees, financing charges, including interest on margin accounts and other indebtedness, appraisal fees and expenses and prime brokerage and commission charges); risk, research and market data-related expenses (including software and hardware); expenses relating to sale and offering of Interests in the Partnership and/or interests in the Fund; partnership licensing expenses; expenses relating to investor communications; bookkeeping, audit and accounting expenses; expenses incurred by the Adviser for investment research and due diligence; third party

administrator fees; marketing costs and expenses (including printing); expenses associated with Fund transactions; withholding and transfer fees; blue sky fees; fees, costs and expenses (including legal fees and expenses) incurred to comply with any applicable law, rule or regulation (including expenses relating to AIFMD compliance, preparation and filing of Form PF and/or other regulatory filings of NMVA and its affiliates relating to the activities of the Funds) or incurred in connection with any governmental inquiry, investigation or proceeding involving the Partnership; FATCA related expenses; and costs associated with windup, liquidation, dissolution and termination of the Fund. 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, and certain out-of-pocket expenses incurred by NMVA and/or New Mountain. Pursuant to the Funds’ offering documents, NMVA is permitted to charge travel-related expenses to investors, but does not do so. NMVA may, however, change its policy relating to travel expenses in the future. Additionally, NMVA does not charge investors for expenses related to the Funds’ annual investor meeting. Please see Item 14 – “Client Referrals and Other Compensation” for a discussion of client referrals to NMVA.

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 may vary from 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 any Fund investor. 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” as defined 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 either (i) U.S. persons (as defined under Regulation S of the U.S. Securities Act of 1933, as amended (the “Securities Act”)) that are “accredited investors” for the purposes of Regulation D of the U.S. Securities Act and “qualified purchasers” as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”), or (ii) persons that qualify as non-U.S. persons for the purposes of Regulation S under the Securities Act.

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 long/short Funds advised by NMVA have the objective of generating attractive absolute long-term returns in excess of the broader U.S. equity markets (such as the S&P 500 TR Index), or other investor-selected indices, while attempting to do so with lower risk than that associated with such markets. The long-biased Funds advised by NMVA have the objective of generating attractive relative 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, the Funds managed by NMVA invest primarily in long and short equities and may invest in derivative instruments. NMVA seeks to apply New Mountain's prior ownership skills of private companies and experience to the public markets to meet its objective. The Funds have historically employed no direct 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 approval by the Firm's investment committee (including by New Mountain CEO, Steven B. Klinsky). 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 believes it will be able to 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 take advantage of relative value differences.

NMVA may employ macro, sector and single name hedges with the goals of protecting capital during market corrections, reducing the volatility of the Funds 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 that clients should be prepared to bear. 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 flow 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, industry conditions, competition, technological developments, economic uncertainty, changes in laws (including laws relating to taxation of the Fund's investments), trade barriers, currency exchange controls, the imposition of economic and/or political sanctions, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of financial instruments' prices and the liquidity of such Fund's investments. The Partnership may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets — the larger the positions, the greater the potential for loss. A Fund's, and New Mountain'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, there is a risk that a Fund may invest on the basis of incomplete or inaccurate information, which may adversely affect the Fund's investment performance.

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

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, NMVA and its affiliates.

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.

De Minimis Commodity Interest Trading. Certain Funds will operate subject to U.S. Commodity Futures Trading Commission ("CFTC") Rule 4.13(a)(3), which, among other things, generally requires certain Funds to have de minimis commodity interest trading. Generally, the term "commodity interests" includes futures contracts, options on futures or retail off-exchange forex contracts, swaps (including mixed swaps), or investments in commodity pools. In the event that the exemption under CFTC Rule 4.13(a)(3) is modified or rescinded, absent an applicable exemption, NMVA and/or NMV GP, with respect to certain of its Funds, may elect or be required to register with the CFTC as a commodity pool operator.

Derivative Instruments/Hedging Strategies

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, investor restrictions, 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. There can be no assurance that a buyer will be available or a termination value will be immediately determinable if a Fund decides to sell or terminate a derivative instrument.

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

NMVA may employ hedging techniques designed to reduce the risks of adverse movements in securities prices, interest rates, currency exchange and other factors. Hedging against a decline in

the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not be possible for NMVA to hedge against an exchange rate, interest rate or equity price fluctuation that is so generally anticipated that the Advisor is not able to enter into a hedging transaction at a price sufficient to protect the Partnership from the decline in value of the portfolio position anticipated as a result of such a fluctuation.

Employing hedging techniques may entail certain risks. The success of the Fund's 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. While a Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, more (or higher) commissions, 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.

Certain investors have agreed to non-*pari passu* investing and divesting between the Fund in which they are an investor and the Funds only if such allocation is due to the size of the investment and *provided*, that if such allocation variance results in a more than 30% variation, the allocation of such excess shall be subject to investor consent. Accordingly, NMVA believes such differences are consistent with its fiduciary duties under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). As noted above, 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.

In addition, short sellers are subject to the risk of a "short squeeze." A short squeeze is a situation in which the short seller is prematurely forced out of a short position at an unfavorable price. The lender of a security used to establish a short generally has the right to demand the return of the stock that has been loaned at any time. In such event, the Fund would be required to replace the borrowed securities by borrowing the securities from another lender. It generally is more difficult to find securities that can be borrowed in the case of small-cap and mid-cap issuers. If the Fund

were unable to replace the borrowed securities, the broker may elect to close out the short sale by buying the security in the market in order to make delivery. In such event, the Fund could incur a significant loss if the security sold short has increased in value. In addition, the Fund also could be forced to close out a short sale prematurely as a result of an increase in margin requirements, coupled with an inability to provide the required additional margin on short notice.

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.

Small Capitalization Stocks

The Fund may invest a significant portion of its assets in the stocks of companies with small market capitalizations. While NMVA believes they often provide significant potential for appreciation, those stocks involve higher risks in some respects than do investments in stocks of larger companies.

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, and 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. Furthermore, as a result of low margin deposits normally required in futures trading, a relatively small adverse price movement in a futures contract may result in substantial losses relative to the initial margin employed.

Risks Related to Synthetic Assets

A Fund may acquire exposure to the risk of certain investments indirectly by entering into derivatives transactions. Generally, a Fund will have a contractual relationship only with a counterparty, and not with any issuer of equity. 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 the Funds 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 a 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

The Funds and NMVA will use various programs and systems in securities transactions and operations. These programs or systems may be subject to defects, failures or interruptions that could have a material adverse effect on the Funds. 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.

In addition, there are three advisory affiliates of NMVA. One advisory affiliate manages NMC's

¹ Generally, New Mountain Senior Advisors are similar to "Operating Partners" who provide general or specific industry expertise on particular projects or transactions. David Vise is a full time employee at New Mountain, while the others are legally classified as independent consultants. A majority of New Mountain's Senior Advisors - including Lawrence Benjamin, Christos Cotsakos, Baljit Dail, Harry Durity, Rajiv Gupta, Lawrence Jackson and David Vise are designated as "access persons" pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended, (the "Advisers Act") and are subject to New Mountain's Code of Ethics, which therefore allows them to be fully included in New Mountain's investment reviews. Based on a variety of factors, Judd Gregg and Frederic Salerno are designated as "non-access persons" and are not subject to New Mountain's Code of Ethics, which results in more limited or specialized roles. Additionally, Doug Londal, Adam Collins and Thomas Morgan transitioned from Managing Directors to Senior Advisors of the firm on December 31, 2014 and are "non-access" persons. New Mountain engages one additional consultant Senior Advisor, Robert Grusky who is designated as "non-access", as he is non-exclusive to New Mountain and also engage in unrelated investment activities in connection with either their firm or other third parties. There is no guarantee that New Mountain will continue to employ or engage these Senior Advisors, and New Mountain may hire or engage additional Senior Advisors in the future, who may be full time employees, or consultants. Where engaged as the latter, based on individual circumstances, these individuals may, at New Mountain's discretion, be designated as either "access" or "non-access" for purposes of Advisers Act Rule 204A-1. 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, unless such Senior Advisor is employed as a full time employee of New Mountain.

private equity funds. A second advisory affiliate advises New Mountain Finance Corporation (“NMFC”). NMFC itself is a publicly traded business development company that invests primarily in debt, but may also acquire equity investments in middle-market companies and is advised by the third Advisory Affiliate, which manages NMFC’s senior loan program. This third Advisory Affiliate may also invest in debt and acquire equity investments in middle-market companies.

Subject to restrictions in the applicable Fund Governing Documents, New Mountain may raise other public and private funds and other investment vehicles in the future and such funds may from time-to-time make investments that would be suitable for the Funds. In particular, certain debt investments that the Funds would otherwise be able to make may be allocated to NMFC. In addition, there may be circumstances when NMC has considered a potential private equity investment in a portfolio company on behalf of an affiliated fund, has determined not to make such private equity investment and an investment is eventually made in such portfolio company by the existing Fund, NMFC or other investment vehicles sponsored by the Firm. In these circumstances, the Funds (or its affiliated advisers and/or funds) may benefit from research by NMC’s investment team and/or from costs borne by the applicable fund in pursuing the potential portfolio investment, but will not be required to reimburse the Fund for expenses incurred in connection with such investment.

Further, a Fund may enter into side letters or similar written agreements with particular investors with respect to the Fund without the approval of any other investors, which would have the effect of establishing rights under, altering or supplementing the terms of the Fund’s Governing Documents with respect to such investor in a manner more favorable to such Limited Partner than those applicable to other investors. Any rights established, or any terms of the Fund’s Governing Documents altered or supplemented in a side letter or similar written agreement with an investor will govern solely with respect to such investor notwithstanding any other provision of the Fund’s Governing Documents. Such rights or terms in any such side letter or written similar agreement may include, without limitation: (i) fee arrangements with respect to such investor; (ii) excuse rights applicable to particular investments (which may increase the percentage interest of other investors in, and contribution obligations of other investors with respect to, such investments); (iii) reporting obligations of NMV GP; (iv) waiver of certain confidentiality obligations; (v) consent of NMV GP to certain transfers by such investor; (vi) special rights with respect to co-investment opportunities; or (vii) rights or terms necessary in light of particular legal, tax, regulatory, or public policy characteristics of an investor including withdrawal rights in respect of political contribution, gift and other similar policies or restrictions established by investors affiliated with a government entity or agency).

The Affiliated Advisers (defined below) and their private equity portfolio companies may have relationships with, render services to, invest in or engage in transactions with issuers of obligations and securities that may be suitable investments for the Funds. Because of such relationships, there may be certain investments or dispositions of investments that NMVA will decline to, or be unable to, make. The Affiliated Advisers will be under no obligation to decline any engagements or investments in order to make an investment opportunity available to the Funds.

Similarly, the portfolio companies managed by NMVA’s Affiliated Adviser, NMC, may transact business with (or otherwise provide services and/or products to) one another. Those same portfolio companies may also transact business with NMVA, its Affiliated Advisers, funds, employees and/or Senior Advisors. Such arrangements will generally be negotiated and executed at arm’s length, but

certain factors may lead a portfolio company to pay higher fees in connection with the services and/or products provided as compared to other similar providers. Those factors include, without limitation, the complexity of the services and/or products being provided, the reputation of the portfolio company in providing such services and/or products, and the ability of the portfolio to meet specified time, budget or other constraints. New Mountain may be presented with investment opportunities that can be pursued either through privately negotiated transactions or through open market purchases. New Mountain will have discretion in determining whether an opportunity is more appropriately pursued in one manner.

All opportunities to make open market purchases (whether on a securities exchange, through a block trade or otherwise) of equity securities traded on securities exchanges that are within the Funds' investment strategy that are identified by NMV GP, any affiliate or their respective directors, officers or employees, will first be offered to the Funds, including NMV LO, which pursues substantially the same strategy as the Funds but does not employ leverage or enter into any short positions; *provided*, that the foregoing shall not apply to passive personal investments by New Mountain personnel. For the avoidance of doubt, (i) the foregoing shall not apply to purchases of public equities in privately negotiated transactions or tender offers or open market purchases of securities of a portfolio company of New Mountain private equity funds or their successor funds, and (ii) the foregoing shall not require any Senior Advisor or outside consultant, or any person controlled by any of them, to allocate to the Fund any investment opportunity which is otherwise suitable for the investments funds controlled by each of them, respectively.

Except as otherwise provided herein and in the agreements for the Funds: (i) where there is a limited supply of a security or another asset, NMV GP and NMVA will use their best efforts to allocate or rotate investment opportunities in a manner deemed equitable, but neither can assure, and assume no responsibility for, equality among all of their accounts and customers; (ii) NMV GP and NMVA and their affiliates may engage in transactions or investments or cause or advise other customers to engage in transactions or investments which may differ from or be identical to the transactions or investments engaged in or advised upon by NMV GP and NMVA for the Funds; (iii) NMV GP and NMVA do not have any obligation to engage in any transaction or investment for the Funds or to recommend any transaction to the Funds which NMV GP and NMVA or their affiliates may engage in for their own accounts or the account of any other customer except as otherwise required by applicable law; and (iv) to the extent permitted by law, NMV GP is permitted to bunch or aggregate orders for the Funds. New Mountain's Senior Advisors and outside consultants and persons controlled by them are not required to allocate to the Funds any investment opportunity which is otherwise suitable for investment funds controlled by any of them. In addition, members of the Management Advisory Board have substantial responsibilities outside of their Management Advisory Board activities and are not obligated to devote any specified portion of their time to the activities of the Fund. Members of the Management Advisory Board may also engage in activities which compete with or conflict with those of the Fund; however members of the Management Advisory Board are not subject to NMVA's Code of Ethics.

There can be no assurance that NMVA will resolve all conflicts of interest in a manner that is favorable to its Funds.

Allocation of Personnel

NMV GP and NMVA will cause their personnel to devote such time as they deem in good faith to

be reasonably necessary to conduct the business affairs of the Funds. Although New Mountain has in place a dedicated team of investment professionals devoted exclusively to business affairs of the Funds, certain investment professionals of New Mountain have substantial other responsibilities in addition to their responsibilities to the Fund, in connection with New Mountain's private equity funds and the Firm's other activities and are not required to devote any particular portion of their time to the affairs of the Partnership. Conflicts in the allocation of management resources may arise as a result of New Mountain's other activities. Additionally, from time to time, NMVA employees and Senior Advisors may make personal investments in entities owned or controlled by other employees or Senior Advisors of NMVA (and/or its related funds or affiliated advisers). All such investments are subject to the NMVA Code of Ethics, which requires, among other things, pre-clearance by the CCO (or Compliance Representative) as well as vetting for any perceived or actual conflicts of interests.

Diverse Investor Group

Fund investors, including NMV GP, may have conflicting investment, tax and other interests with respect to their investments in the Fund. The conflicting interests of investors may relate or arise from, among other things, the nature of investments made by the Funds, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with the decisions made by NMV GP and NMVA, including with respect to the nature or structuring of investments that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Fund, NMV GP and NMVA will consider the investment and tax objectives of the Funds and its investors as a whole, not the investment, tax or other objectives of any investor individually.

Performance-Based Allocation

NMV GP's Incentive Allocation may result in substantially higher payments to New Mountain than alternative arrangements in other types of investment vehicles. The existence of the Incentive Allocation may create an incentive for NMV GP and/or NMVA to make investments that are more speculative than would be the case in the absence of such performance-based compensation. NMV GP may receive an Incentive Allocation in respect of unrealized appreciation of the Partnership's investment portfolio.

Service Providers

The service providers or their affiliates (including, but not limited to, any administrators, lenders, brokers, attorneys, consultants and investment banking firms) of the Funds, NMV GP, NMVA, New Mountain (or any of their affiliates) may be investors in the Funds, sources of investment opportunities, co-investors or counterparties therewith. This may influence NMV GP in deciding whether to select such a service provider. Investment transactions for the Funds that require the use of a service provider, will generally be allocated to service providers on the basis of best execution, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services, research and other services that NMV GP believes to be of benefit to the Funds.

Related Party Transactions

The Funds may borrow money from affiliates of NMV GP and NMVA. NMV GP will approve such transactions only on terms no less favorable to the Partnership than could be obtained from an individual third party in an arm's-length transaction. NMV GP may (but is not obligated to) consult with a Fund's advisory committee in connection with such a determination, which will act as the agent for such Fund to give or withhold any consent of such Fund required under applicable law, and each investor is deemed to have consented to this arrangement.

The foregoing list of risk factors does not purport to be a complete explanation of the risks involved in an investment in the Fund. Investors should review the offering documents of the applicable Fund, as well as the disclosures contained therein, to understand the potential conflicts of interest associated with an investment in such Fund. There can be no assurance that New Mountain will resolve all conflicts of interest in a manner that is favorable to its Funds. In addition, as the Fund's investment program develops and changes over time, an investment in the Fund may be subject to additional and/or different risk factors than those described in this document.

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

Special Purpose GP

NMV GP serves as the general partner to each of the domestic Funds. 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 other parallel 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., New Mountain Finance Advisers BDC, L.L.C., and New Mountain Finance Corporation (the "Affiliated Advisers") are advisory affiliates of NMVA, and serve as the respective managers to private equity funds, a publicly traded business development company (NYSE: NMFC) and a senior loan program. Each of the Affiliated Advisers is separately registered with the U.S. SEC pursuant to the Investment Advisers Act of 1940, as amended (the "Advisers Act"). 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. Policies and 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 (such as disclosure of disciplinary items and conflicts of interest) 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, Inc., an unaffiliated third-party technology vendor, to assist the Chief Compliance Officer (or Compliance Representative) in the periodic review of all Access Persons’ personal securities transactions, holdings and other related investment reports.

Further, the managing member of NMVA, and New Mountain’s employees and Senior Advisors, may sit on boards of public companies, including those in which the Funds are invested. As a board director of a private or public company, non-employee Senior Advisors may, and generally do, receive additional compensation directly from such companies. Outside 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 instances involving public companies, 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.

Similarly in these instances, the Funds are generally restricted from trading in those portfolio

² All Employees and Senior Advisors (Access) must pre-clear all outside corporate board memberships with the Chief Compliance Officer (or Compliance Representative). 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.

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 a 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, hereafter a material affiliated transaction ("MAT"), 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.

Trade Errors

NMVA has adopted a policy for the purpose of minimizing and addressing trade errors that may arise, from time to time, with respect to the securities transactions that are executed on behalf of the Funds. Pursuant to the policy, individuals identifying a trade error must report the error to the Chief Compliance Officer (or a Compliance Representative). Examples of trade errors include, without limitation, the purchase or sale of wrong or unintended securities or an incorrect number thereof, the purchase or sale of securities for the wrong or unintended account and/or the allocation of the wrong or unintended number of securities. In the case of trade errors involving a loss, the Chief Compliance Officer (or a Compliance Representative) may consult with outside legal counsel to determine whether the loss should be borne by the Funds or NMVA. Generally, (i) losses caused by trade errors will be reversed with NMVA equitably resolving losses in a manner that is equitable to the Funds over time; and (ii) gains caused by trade errors will generally be credited to the affected Funds in a manner that is equitable to the Funds over time.

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.

As noted in Form ADV Part 1A Schedule D – Miscellaneous, NMVA receives research or other products or services other than execution from broker-dealers or third parties in connection with client securities transactions. However, such research, products or services are paid for by the Funds with hard dollars. Currently, the Funds do not engage in any “soft dollar arrangements”.

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. However, a broker-dealer's ability to provide NMVA with introductions could be a determining factor NMVA's decision to enter into certain prime brokerage arrangements. Notwithstanding, such ability is not a factor for NMVA when selecting a broker for any specific transaction or series of transactions. As discussed above, NMVA considers a number of factors when seeking to obtain the best execution, none of which relate to whether the broker-dealer provides introduction services.

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, 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 program review.

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

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 (International Fund Services ("IFS")), 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.

The Funds (other than the single-investor long-biased funds) have entered into agreements with placement agents or finders to solicit or find investors for the Funds in accordance with applicable state and local laws, and U.S. SEC rules and regulations. NMVA will generally bear the economic responsibility for any fees, commissions, expenses or other compensation payable to such placement agents or finders as a result of such investor's subscription to the Fund; provided that the Fund may pay such amounts and the Management Fee charged to such investor will be reduced by an amount equal to all placement agent and/or finders' fees paid by the Fund attributable to such investor's subscription (which will be specially allocated to such investor). If a placement agent is engaged, prospective investors should be aware when making an investment decision that any placement agent will typically receive a placement fee from the Funds or an affiliate that is based on the investor's subscription amount and, as a result, may face a conflict when recommending to an investor to invest in the Funds. NMVA has retained an unaffiliated third-party placement agent (that is a registered broker-dealer and FINRA member) to provide investor referrals and introductions (excluding U.S. state and local government pension funds and certain investors domiciled in the European Union unless legally permitted to do so, and in any case only in accordance with the advance written approval of the Chief Compliance Officer (or Compliance Representative) to NMVA for a fee based on: (i) a combination of a percentage of the initial aggregate subscription and a percentage of the net asset value of the referred investors accounts on the second, third and fourth anniversary of the initial subscription; or (ii) 20% of all fees (management and incentive) for a period of five (5) years.

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.

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, monthly capital statements are distributed to investors from the Fund's administrator, International Fund Services, Inc. ("IFS") (formerly known as Goldman Sachs Administration Services Co.). Additionally, the Funds are subject to an independent annual audit and the audited financial statements are distributed to each investor by IFS. As noted above in Item 13 – "Review of Accounts", investors receive a monthly Statement of Account from IFS.

The financial statements are audited by an independent auditor (*Deloitte & Touche Ireland* for the onshore funds and *Deloitte & Touche Cayman Island* 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 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 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 is available for review upon request. Information on how NMVA voted proxies is also available upon request to: Paula A. Bosco, Chief Compliance Officer, New Mountain, 787 7th Avenue, 49th Floor, New York, NY 10019.

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.