

## FORM ADV PART 2A: FIRM BROCHURE

### **Item 1: Cover Page**

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**This brochure provides information about the qualifications and business practices of SLR Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 993-1670. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about SLR Capital Partners, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2: Material Changes**

This amended brochure includes updates, none of which the Adviser believes to be material regarding the Adviser's business and practices.

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#### **Item 4: Advisory Business**

SLR Capital Partners, LLC (“**SLR**”, “**we**”, “**our**” and “**us**”) is a Delaware limited liability company that was formed in 2007. SLR is an SEC registered investment adviser that is controlled and led by Michael S. Gross and Bruce J. Spohler.

SLR provides investment management services to its advisory clients, which may include pooled investment vehicles, including public investment funds, joint ventures, separately managed accounts (“**SMA(s)**”), and other institutional clients (collectively, the “**Clients**”).

Our current advisory services are tailored to the needs of our Clients, based on the investment policies and restrictions contained in our applicable registration statements, private placement memorandum, limited partnership and operating agreements, limited liability company agreements, investment management agreements, and other governing documents (the “**Governing Documents**”). As discussed more fully in Item 12, Clients may impose restrictions on investing in certain securities or types of securities.

We typically advise our Clients on direct and indirect U.S. middle-market private and public company investments across our industry verticals, including asset-based lending, equipment finance, lender finance, life science lending and cash flow lending in the form of first lien senior secured loans and to a lesser extent, second lien loans and unsecured debt. We also may advise on equity investments. The companies in which we advise our Clients to invest are typically leveraged, often as a result of leveraged buy-outs or other recapitalization transactions. We may also provide investment advice regarding high-yield debt, stressed and distressed debt, international debt, short opportunities, long- and short-term purchases of general equity securities (including exchange listed, over-the-counter and foreign-issued securities), U.S. government securities, warrants and options contracts on securities.

We do not participate in any wrap fee program.

As of December 31, 2023, our regulatory assets under management (“**AUM**”) were approximately \$8.7 billion of which \$8.3 billion is discretionary and \$0.4 billion is non-discretionary.

#### **Firm Overview**

We are controlled and led by Michael S. Gross and Bruce J. Spohler, our co-founders. They are supported by a team of dedicated investment professionals. Our investment team has extensive experience in leveraged lending, including venture lending, as well as private equity investing, and they have significant contacts with financial sponsors. Our senior investment professionals have been active participants in the primary and secondary leveraged credit markets throughout their careers. They have effectively managed portfolios of senior loans, subordinated securities, distressed debt, and equity investments as well as other investment types and the depth of their prior experience and credit market expertise has led them through various stages of economic cycles as well as several market disruptions.

Since our formation through December 31, 2023, SLR has invested over \$18.8 billion in more than 1,500 different portfolio companies, involving in aggregate over 250 different financial

sponsors.

## **Item 5: Fees and Compensation**

The compensation paid to SLR by each of the respective business development companies (“BDCs”) is set forth in the registration statements and investment advisory agreements filed with the Securities and Exchange Commission (“SEC”). As publicly disclosed, such fees are based on assets as well as an incentive fee if certain performance hurdles are met.

Investors in SMAs and private funds managed by SLR should review the Governing Documents for complete information on fees and compensation. Information regarding the fees and compensation payable by investors in any Client of SLR, where all investors are “qualified purchasers” as defined by Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “**Investment Company Act**”), is not required to be provided herein.

We may negotiate separate fees for certain accounts rather than adhering to a rigid fee schedule. Negotiated fees may be based on a percentage of the assets which the Client has under management, fixed fees, administrative fees and such other fees which may be negotiated with the Client. Such fees may be affected by the amount of funds under management, the Client’s investment objective and the manner in which funds are invested.

Our advisory fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the Client. Clients may incur certain charges imposed by custodians, brokers, third party investment advisers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

SLR is controlled and led by Michael S. Gross, the Co-Chief Executive Officer and Chairman of the Board of Directors of each of the BDCs and Bruce J. Spohler, Co-Chief Executive Officer, Chief Operating Officer and a Director of each of the BDCs. Since we and our Clients are under common management, there is a conflict of interest because we could direct Clients to follow our investment advice in a way which would generate fees, or higher fees, for us but which might not be in the Clients’ best interests.

The BDCs, the private funds, and one SMA are all subject to performance - based fees alongside two SMA’s that are not charged a performance-based fee. See Item 12(C) below for a discussion of our investment allocations policy which is designed to address these conflicts of interest.

We therefore manage multiple Client accounts that invest in the same types of securities and often co-invest together in the same transactions, and these different accounts may also bear incentive fees at different rates. This fact results in potential conflicts of interest in the allocation of new investment opportunities, and potentially also in connection with the management and disposition of investments because these allocations and other determinations could be affected by the likelihood that we will, or will not, earn performance-based fees or

the amount thereof. Another potential conflict of interest that can arise from our charging performance-based fees is that it may create an incentive for us to cause the Clients to engage in riskier investment behavior due to the higher return potential, which in turn may result in higher fees paid to us. See Item 12(C) below for a discussion of our investment allocations policy which is designed to address these conflicts of interest.

## **Item 7: Types of Clients**

SLR generally provides investment management services to pooled investment vehicles, including public investment funds, private funds, joint ventures, separately managed accounts, and other institutional clients. SLR serves as the investment adviser on a discretionary basis to SLR Investment Corp., a closed end, externally managed, non-diversified management investment company that has elected to be regulated as a BDC under the 1940 Act. SLR also serves as the investment adviser on a discretionary basis to private funds and unlisted BDCs. In addition, SLR serves as the investment adviser on a non-discretionary basis to SMAs.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

Our Clients have similar investment objectives and strategies. Because the principals of SLR are the portfolio managers of the BDCs, the SMAs and the private funds an absolute level of independent judgment as it relates to matters affecting each Client may be absent under certain circumstances. While the Clients have similar investment strategies, the SMAs and private funds have the authority to make investments which may not be consistent with the investment strategy and regulatory restrictions of the BDCs. Other situations may occur where the SMAs or private funds could be disadvantaged because of the investment activities we conduct for the BDCs or for other accounts that we may advise (or vice versa). See Item 12(C) below for a discussion of our investment allocations policy which is designed to address these conflicts of interest.

The BDCs invest primarily in private U.S. middle market companies with a focus on current income and preservation of capital. SLR believes the supply of primary capital is limited to private U.S. middle market companies and therefore investment opportunities can be attractive in this market segment. From time to time and to a limited extent, the BDCs may also each invest in public companies, but such investments typically have regulatory limits.

The SMAs and private funds also invest primarily in private U.S. middle market companies and can invest in public companies without any regulatory limits.

Our goal is to provide all Clients with attractive returns with less risk than many corporate fixed income alternatives such as high-yield bonds and liquid leveraged loan funds. However, there is no guarantee that we will be successful in achieving this goal. We endeavor to do so by using a private equity style underwriting approach, which includes extensive due diligence and active negotiation of deal terms and legal documentation.

We have identified several criteria that we believe are important in identifying and investing in prospective portfolio companies. These criteria provide general guidelines for our investment decisions; however, not all of these criteria will be met by each prospective portfolio company

in which we choose to invest.

- Stable earnings and strong free cash flow
- Value orientation
- Value of assets
- Strong competitive position in industry
- Diversified customer and supplier base
- Exit strategy
- Experienced and committed management
- Strong sponsorship
- Stable returns on invested capital

## **Risks**

An investment in our Clients involves a risk of the loss of that entire investment, which investors must be prepared to bear.

The annual reports and registration statements for the BDCs and the offering memorandums of some of the private funds give detailed descriptions of risks to be aware of when investing in each of those Clients. Please see those documents for a more detailed description of the risks relating to such an investment. We are providing a summary of those risks below, but these will not be a complete or detailed list of the risks involved in investing in SLR's Clients.

## **Conflicts of Interest Generally**

### **Management of Multiple Accounts by the Investment Manager**

We (including our affiliates, principals and employees) have established, and may in the future establish, sponsor, or be affiliated with, other accounts that engage in the same or similar businesses as the Clients and use the same or similar investment strategies. We may own all or a portion of another account.

The portfolio strategies we use for other accounts could conflict with the transactions and strategies employed in managing our Clients' investments and affect the prices and availability of the financial instruments in which the current Clients invest. Situations could occur in which a Client could be disadvantaged because of the investment activities we conduct for other accounts. In addition, we have a conflict of interest in rendering advice to a Client because the financial benefit from managing some other Client's account may be greater (e.g., such account generates higher fees for us), which provides an incentive to favor the other account.

We have a conflict of interest in deciding whether a given investment opportunity will be provided to a particular Client. Investment opportunities appropriate for more than one Client will be allocated on the basis of several factors, including relative capital, tax and regulatory considerations, specific investment guidelines and composition of the investment pools at the time of purchase.

When we place the same or similar orders at or about the same time for our Clients, all these

accounts may be competing for the same or similar positions and some accounts may be disadvantaged relative to other accounts we manage. Factors that result in differences in allocations of securities, or the price received on such securities, among Clients include the size of an order, a previous history of purchasing securities through a particular broker or dealer and the timing of the placement of the orders.

## **Our Investments**

SLR invests for its Clients primarily in first lien senior secured loans, and to a lesser extent second lien loans and unsecured debt, preferred securities, as well as public and private equity investments. Our Clients have similar investment objectives and strategies. Because the principals of SLR are portfolio managers of the BDCs, an absolute level of independent judgment as it relates to matters affecting each Client may be absent under certain circumstances.

## **Allocation of Investment Opportunities**

When we determine that it would be appropriate for one or more of our Clients to participate in an investment opportunity, all of these Clients will be competing for the same or similar opportunities. We have the authority to combine orders and allocate the securities or proceeds arising out of those transactions (and the related transactional fee income and/or expenses).

We give advice and recommendations to, or buy securities for, some Clients which may differ from advice given to or securities recommended for other Clients. Many of the Securities in which we invest are limited availability investments. Accordingly, we might not be able to allocate investments that are suitable for more than one Client proportionately among different Clients, and we are not committed to allocating opportunities among the Clients in any particular proportion.

## **Allocation of Investment Manager Time and Resources**

We are not obligated to devote any specific amount of time, effort and/or resources to the affairs of any Client and are not required to accord exclusivity to any Client in the event of limited investment opportunities arising from the application of speculative position limits or other factors. Our personnel devote such time to the affairs of each Client as they, in their discretion, determine to be necessary for the conduct of the business of the Clients.

## **We operate in a highly competitive market for investment opportunities.**

A number of entities compete with us to make the types of investments that we target in leveraged companies. We compete with managers of other BDCs, public and private funds, commercial and investment banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity funds. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments than we have, which could allow them to consider a wider variety of investments and establish more relationships and offer better pricing and a more flexible structure than we are able to do. Furthermore, many of our potential competitors are not subject to the regulatory restrictions that the Investment Company Act imposes on our BDCs. If we



are unable to source attractive investments, we may hold a greater percentage of our assets in cash and cash equivalents than anticipated, which could impact potential returns on our Clients' portfolios. We cannot assure investors that the competitive pressures we face will not have a material adverse effect on the investments we manage for our Clients. Also, as a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we can offer no assurance that we will be able to identify and make investments that are consistent with our investment objective.

Participants in our industry compete on several factors, including price, flexibility in transaction structure, customer service, reputation, market knowledge and speed in decision making. We do not seek to compete primarily based on the interest rates we will offer, and we believe that some of our competitors may make loans with interest rates that will be comparable to or lower than the rates we offer. We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. However, if we match our competitors' pricing, terms and structure, Clients may experience decreased net interest income and increased risk of credit loss.

### **Our investments are very risky and highly speculative.**

We invest for our Clients primarily in first lien senior secured loans and to a lesser extent in second lien loans, unsecured debt, as well as preferred securities, and select equity investments issued by leveraged companies.

*Senior Secured Loans.* When we advise our Clients to make a senior secured term loan investment in a portfolio company, we generally advise them to take a security interest in the available assets of the portfolio company, including the equity interests of its subsidiaries, which we expect to help mitigate the risk that our Clients' will not be repaid. However, there is a risk that the collateral securing our Clients' loans may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital, and, in some circumstances, our Clients' liens could be subordinated to claims of other creditors. In addition, deterioration in a portfolio company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that our Clients' will receive principal and interest payments according to the loan's terms, or at all, or that our Clients' will be able to collect on the loan should they be forced to enforce their remedies.

*Unsecured Loans and Preferred Securities.* Our Clients' unsecured and preferred investments are generally subordinated to senior loans. As such, other creditors may rank senior to our Clients in the event of insolvency. This may result in an above average amount of risk and loss of principal.

*Equity Investments.* When we advise our Clients to invest in senior secured loans, unsecured loans or preferred securities, we may advise them to acquire common equity securities as well. In addition, we may advise our Clients invest directly in the equity securities of portfolio companies. Our goal is for our Clients to ultimately to exit such equity interests and realize gains upon the disposition of such interests. However, the equity interests our Clients receive may not appreciate in value and, in fact, may decline in value. Accordingly, our Clients may

not be able to realize gains from their equity interests, and any gains that they do realize on the disposition of any equity interests may not be sufficient to offset any other losses they experience.

In addition, investing in middle-market companies involves a number of significant risks, including:

- these companies may have limited financial resources and may be unable to meet their obligations under their debt securities that our Clients hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees we may have obtained in connection with the investment;
- they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- they are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on a portfolio company;
- they generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, we may, in the ordinary course of business, be named as defendants in litigation arising from our Clients' investments in the portfolio companies; and
- they may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

**The lack of liquidity in our Clients' investments may adversely affect our ability to meet our Clients' investment objectives.**

We generally advise our Clients to make investments in private companies. We advise our Clients to invest and expect to continue advising our Clients to invest in companies whose securities have no established trading market and whose securities are and will be subject to legal and other restrictions on resale or whose securities are and will be less liquid than are publicly-traded securities. Investments purchased by our Clients that are liquid at the time of purchase may subsequently become illiquid due to events relating to the issuer of the investments, market events, economic conditions or investor perceptions. The illiquidity of our Clients' investments may make it difficult for us to sell such investments if the need arises. In addition, if any of our Clients are required to liquidate all or a portion of their portfolios quickly, they may realize significantly less than the value at which they have previously recorded their investments. As a result, we do not expect to achieve liquidity in our Clients'

investments in the near-term. However, in instances where we want to maintain our Clients' qualification as a BDC and as a Registered Investment Company ("RIC"), or need to meet some other provision of Governing Documents, our Clients may have to dispose of investments if they do not satisfy one or more of the applicable criteria under the respective regulatory frameworks and Governing Documents. Domestic and foreign markets are complex and interrelated, so that events in one sector of the world markets or economy, or in one geographical region, can reverberate and have materially negative consequences for other markets, economic or regional sectors in a manner that may not be foreseen and which may negatively impact the liquidity of our investments and materially harm our business. In addition, our Clients' may face other restrictions on their ability to liquidate an investment in a portfolio company to the extent that we or our Clients' have material non-public information regarding such portfolio company.

**Our Clients' portfolios may be concentrated in a limited number of portfolio companies and industries, which will subject them to a risk of significant loss if any of these companies performs poorly or defaults on its obligations under any of its debt instruments or if there is a downturn in a particular industry.**

Our BDCs and other Clients' portfolios may be concentrated in a limited number of portfolio companies and industries. Beyond the asset diversification requirements associated with our BDCs qualification as a RIC under Subchapter M of the Code, our BDCs do not have fixed guidelines for diversification. Our other Clients portfolio restrictions are defined in the Governing Documents. While we may not be targeting any specific industries, our Clients' investments may be concentrated in relatively few industries or portfolio companies. As a result, the aggregate returns our Clients realize may be significantly adversely affected if a small number of investments perform poorly or if our Clients' need to write down the value of any one investment. Additionally, a downturn in any particular industry in which our Clients are invested could also significantly impact the aggregate returns our Clients realize.

**Our Clients' investments in securities rated below investment grade are speculative in nature and are subject to additional risk factors such as increased possibility of default, illiquidity of the security, and changes in value based on changes in interest rates.**

The securities that we advise our Clients to invest in are typically rated below investment grade. Securities rated below investment grade are speculative and often referred to as "leveraged loans," "high yield" or "junk" securities and may be considered "high risk" compared to debt instruments that are rated investment grade. High yield securities are regarded as having predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, high yield securities generally offer a higher current yield than that available from higher grade issues, but typically involve greater risk. These securities are especially sensitive to adverse changes in general economic conditions, to changes in the financial condition of their issuers and to price fluctuation in response to changes in interest rates. During periods of economic downturn or rising interest rates, issuers of below investment grade instruments may experience financial stress that could adversely affect their ability to make payments of principal and interest and increase the possibility of default.

The secondary market for high yield securities may not be as liquid as the secondary market for more highly rated securities. In addition, many of our Clients' debt investments will not

fully amortize during their lifetime, which means that a borrower may be unable to payoff its debt due to bankruptcy or other reasons and therefore our Clients may write-off such debt investments prior to its scheduled maturity. Upon such an occurrence, our Clients may realize a loss or a substantial amount of unpaid principal and interest due upon maturity.

**Our Clients' are exposed to risks relating to reference rates.**

The London Interbank Offered Rate ("LIBOR") is an index rate that historically was widely used in lending transactions and was a common reference rate for setting the floating interest rate on private loans.

The ICE Benchmark Administration ("IBA") (the entity that is responsible for calculating LIBOR) ceased providing overnight, one, three, six and twelve month USD LIBOR tenors on June 30, 2023. In addition, the United Kingdom's Financial Conduct Authority ("FCA"), which oversees the IBA, now prohibits entities supervised by the FCA from using LIBORs, including USD LIBOR, except in very limited circumstances.

In the United States, the Secured Overnight Financing Rate ("SOFR") is the preferred alternative rate for LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by U.S. Treasury securities, and is based on directly observable U.S. Treasury-backed repurchase transactions. SOFR is published by the Federal Reserve Bank of New York each U.S. Government Securities Business Day, for transactions made on the immediately preceding U.S. Government Securities Business Day. Alternative reference rates that may replace LIBOR, including SOFR for USD transactions, may not yield the same or similar economic results as LIBOR over the lives of such transactions.

The Fund's loans reference the forward-looking term rate published by CME Group Benchmark Administration Limited based on SOFR ("CME Term SOFR") or CME Term SOFR plus a fixed spread adjustment. CME Term SOFR rates are forward-looking rates that are derived by compounding projected overnight SOFR rates over one, three, and six months taking into account the values of multiple consecutive, executed, one-month and three-month CME Group traded SOFR futures contracts and, in some cases, over-the-counter SOFR Overnight Indexed Swaps as an indicator of CME Term SOFR reference rate values. CME Term SOFR and the inputs on which it is based are derived from SOFR. Since CME Term SOFR is a relatively new market rate, there will likely be no established trading market for credit agreements or other financial instruments when they are issued, and an established market may never develop or may not be liquid. Market terms for instruments referencing CME Term SOFR rates may be lower than those of later-issued CME Term SOFR indexed instruments. Similarly, if CME Term SOFR does not prove to be widely used, the trading price of instruments referencing CME Term SOFR may be lower than those of instruments indexed to indices that are more widely used. Further, the composition and characteristics of SOFR and CME Term SOFR are not the same as those of LIBOR. Even with the application of a fixed spread adjustment, LIBOR and CME Term SOFR will not have the same composition and characteristics, and there can be no assurance that the replacement rate, as so adjusted, will be a direct substitute for LIBOR.

There can be no guarantee that SOFR will not be discontinued or fundamentally altered in a

manner that is materially adverse to the interests of investors in loans referencing SOFR. If the manner in which SOFR or CME Term SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on such loans and the trading prices of the SOFR Loans. In addition, there can be no guarantee that loans referencing SOFR or CME Term SOFR will continue to reference those rates until maturity or that, in the future, the Client's loans will reference benchmark rates other than CME Term SOFR. Should any of these events occur, the Clients' loans, and the yield generated thereby, could be affected. Specifically, the anticipated yield on the Clients' loans may not be fully realized and the Clients' loans may be subject to increased pricing volatility and market risk.

**Price declines and illiquidity in the corporate debt markets have adversely affected, and may continue to adversely affect, the fair value of our Clients' portfolio investments, reducing their net asset values through increased net unrealized depreciation. Any unrealized depreciation our Clients' loan portfolios experience may be an indication of future realized losses, which could reduce the income available for distribution and could adversely affect the ability to service our Clients' outstanding borrowings.**

Our Clients are required to carry their investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by or under the direction of our BDCs' board of directors or as defined in our Governing Documents. Decreases in the market values or fair values of investments are recorded as unrealized depreciation. Any unrealized depreciation in our Clients' loan portfolio could be an indication of a portfolio company's inability to meet its repayment obligations to our Clients with respect to the affected loans. This could result in realized losses in the future and ultimately in reductions of income available for distribution in future periods and could materially adversely affect the ability to service our Clients' outstanding borrowings. Depending on market conditions, our Clients' portfolios could incur substantial losses in future periods, which could further reduce their respective net asset values.

**The business, financial condition and results of operations of our portfolio companies could be adversely affected by worldwide economic conditions, as well as political and economic conditions in the countries in which they conduct business.**

The business and operating results of our Clients' portfolio companies may be impacted by worldwide economic conditions, such as the economic impact that high inflation, central bank efforts to curb inflation, the COVID-19 pandemic and the Russian invasion of Ukraine have imposed, and may continue to impose, on the U.S. and worldwide economy. Any deterioration of general economic conditions may lead to significant declines in corporate earnings or loan performance, and the ability of corporate borrowers to service their debt, any of which could trigger a period of global economic slowdown and have an adverse impact on the value and the liquidity of our Clients' investments. In an economic downturn, our Clients could have non-performing assets or an increase in non-performing assets, and we would anticipate that the value of our Clients' portfolios would decrease during these periods. For instance, concerns of economic slowdown in China and other emerging markets and signs of deteriorating sovereign debt conditions in Europe could lead to disruption and instability in the global financial markets. The significant debt in the United States and European countries is expected to hinder growth in those countries for the foreseeable future. In the future, the U.S. government may not be able to meet its debt payments unless the federal debt ceiling is raised. If legislation increasing the debt ceiling is not enacted, as needed, and the debt ceiling is reached, the U.S. federal government may stop or delay

making payments on its obligations. Any default by the U.S. government on its obligations or any prolonged U.S. government shutdown could negatively impact the U.S. economy and our portfolio companies. Multiple factors relating to the international operations of some of our portfolio companies and to particular countries in which they operate could negatively impact their business, financial condition and results of operations.

Some of the products of our Clients' portfolio companies are developed, manufactured, assembled, tested or marketed outside the United States. Any conflict or uncertainty in these countries, including due to natural disasters, public health concerns (including the global COVID-19 pandemic), political unrest or safety concerns, could harm their business, financial condition and results of operations. In addition, if the government of any country in which their products are developed, manufactured or sold sets technical or regulatory standards for products developed or manufactured in or imported into their country that are not widely shared, it may lead some of their customers to suspend imports of their products into that country, require manufacturers or developers in that country to manufacture or develop products with different technical or regulatory standards and disrupt cross-border manufacturing, marketing or business relationships which, in each case, could harm their businesses.

**Volatility or a prolonged disruption in the credit markets could materially damage our Clients' portfolios.**

Our Clients are required to carry their investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by or under the direction of our BDCs' board of directors or as defined in our Clients' Governing Documents. As a result, volatility in the capital markets may have a material adverse effect on our Clients' valuations and our Clients' net asset value, even if our Clients' hold investments to maturity. Volatility or dislocation in the capital markets may depress our public BDCs' stock price below their net asset values per share and create a challenging environment in which to raise equity and debt capital. These conditions could continue for a prolonged period of time or worsen in the future. While these conditions persist, our Clients and other companies in the financial services sector may have to access, if available, alternative markets for debt and equity capital.

The significant disruption in the capital markets experienced in the past, including the disruption caused by inflation and the corresponding monetary policy to curb it, as well as the COVID-19 pandemic, has had, and may in the future have, a negative effect on the valuations of our Clients' investments and on the potential for liquidity events involving our Clients' investments. The debt capital that may be available to our Clients in the future may be at a higher cost and have less favorable terms and conditions than those currently in effect. If our Clients' financing costs increase and they have no increase in interest income, then their net investment income will decrease. A prolonged inability to raise capital may require us to reduce the volume of investments we originate and could have a material adverse impact on our and our Clients' business, financial condition and results of operations. This may also increase the probability that other structural risks negatively impact us. These situations may arise due to circumstances that we may be unable to control, such as a lengthy disruption in the credit markets, a severe decline in the value of the U.S. dollar, a sharp economic downturn or recession or an operational problem that affects third parties, us or our Clients, and could materially damage our and our Clients' business, financial condition and results of operations.

**Economic sanction laws in the United States and other jurisdictions may prohibit us and our affiliates from transacting with certain countries, individuals and companies.**

Economic sanction laws in the United States and other jurisdictions may prohibit us or our affiliates from transacting with certain countries, individuals and companies. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control administers and enforces laws, executive orders and regulations establishing U.S. economic and trade sanctions, which prohibit, among other things, transactions with, and the provision of services to, certain non-U.S. countries, territories, entities and individuals. These types of sanctions may significantly restrict or completely prohibit investment activities in certain jurisdictions, and if we, our Clients, our Clients' portfolio companies or other issuers in which we advise our Clients to invest were to violate any such laws or regulations, we and our Clients may face significant legal and monetary penalties.

The Foreign Corrupt Practices Act, or FCPA, and other anti-corruption laws and regulations, as well as anti-boycott regulations, may also apply to and restrict our and our Clients' activities, our Clients' portfolio companies and other issuers of our Clients' investments. If we, our Clients or an issuer were to violate any such laws or regulations, we, our Clients or such issuer may face significant legal and monetary penalties. The U.S. government has indicated that it is particularly focused on FCPA enforcement, which may increase the risk that we, our Clients or an issuer becomes the subject of such actual or threatened enforcement. In addition, certain commentators have suggested that private investment firms and the funds that they manage may face increased scrutiny and/or liability with respect to the activities of their underlying portfolio companies. As such, a violation of the FCPA or other applicable regulations by us, our Clients or an issuer of our Clients' portfolio investments could have a material adverse effect on us and our Clients. We are committed to complying with the FCPA and other anti-corruption laws and regulations, as well as anti-boycott regulations, to which it is subject. As a result, we and our Clients may be adversely affected because of our unwillingness to enter into transactions that violate any such laws or regulations.

**If our Clients' cannot obtain additional capital because of either regulatory or market price constraints, we could be forced to curtail or cease our new lending and investment activities, our Clients' net asset values could decrease and our Clients' level of distributions and liquidity could be affected adversely.**

Our Clients' ability to secure additional financing and satisfy their financial obligations under indebtedness outstanding from time to time will depend upon our and our Clients' future operating performance, which is subject to the prevailing general economic and credit market conditions, including interest rate levels and the availability of credit generally, and financial, business and other factors, many of which are beyond our control. The worsening of current economic and capital market conditions could have a material adverse effect on our Clients' ability to secure financing on favorable terms, if at all.

If our Clients are unable to obtain debt capital, then their equity investors will not benefit from

the potential for increased returns on equity resulting from leverage to the extent that our Clients' investment strategy is successful, and our Clients may be limited in their ability to make new commitments or fundings to their portfolio companies.

**Our Clients may suffer a loss if a portfolio company defaults on a loan and the underlying collateral is not sufficient.**

In the event of a default by a portfolio company on a secured loan, our Clients will only have recourse to the assets collateralizing the loan. If the underlying collateral value is less than the loan amount, our Clients will suffer a loss. In addition, our Clients sometimes make loans that are unsecured, which are subject to the risk that other lenders may be directly secured by the assets of the portfolio company. In the event of a default, those collateralized lenders would have priority over our Clients with respect to the proceeds of a sale of the underlying assets. In cases described above, our Clients may lack control over the underlying asset collateralizing our Clients' loan or the underlying assets of the portfolio company prior to a default, and as a result the value of the collateral may be reduced by acts or omissions by owners or managers of the assets.

In the event of bankruptcy of a portfolio company, our Clients may not have full recourse to the portfolio company's assets in order to satisfy our Clients' loan, or our Clients' loan may be subject to equitable subordination. In addition, certain of our Clients' loans are subordinate to other debt of the portfolio company. If a portfolio company defaults on our Clients' loan or on debt senior to our Clients' loan, or in the event of a portfolio company bankruptcy, our Clients' loan will be satisfied only after the senior debt receives payment. Where debt senior to our Clients' loan exists, the presence of inter-creditor arrangements may limit our Clients' ability to amend our Clients' loan documents, assign our Clients' loans, accept prepayments, exercise our Clients' remedies (through "standstill" periods), and control decisions made in bankruptcy proceedings relating to the portfolio company. Bankruptcy and portfolio company litigation can significantly increase collection losses and the time needed for our Client to acquire the underlying collateral in the event of a default, during which time the collateral may decline in value, causing our Client to suffer further losses.

If the value of collateral underlying our Clients' loan declines or interest rates increase during the term of our Clients' loan, a portfolio company may not be able to obtain the necessary funds to repay our Clients' loan at maturity through refinancing. Decreasing collateral value and/or increasing interest rates may hinder a portfolio company's ability to refinance our Clients' loan because the underlying collateral cannot satisfy the debt service coverage requirements necessary to obtain new financing. If a borrower is unable to repay our Clients' loan at maturity, our Clients could suffer a loss which may adversely impact our and our Clients' financial performance.

**The business, financial condition and results of operations of our Clients' portfolio companies could be adversely affected by worldwide economic conditions, as well as political and economic conditions in the countries in which they conduct business.**

The business and operating results of our Clients' portfolio companies may be impacted by worldwide economic conditions, such as the economic impact that the COVID-19 pandemic has imposed, and may continue to impose, on the U.S. and worldwide economy. Any deterioration of general economic conditions may lead to significant declines in corporate earnings or loan



performance, and the ability of corporate borrowers to service their debt, any of which could trigger a period of global economic slowdown and have an adverse impact on our Clients' performance and financial results, and the value and the liquidity of our Clients' investments. In an economic downturn, our Clients' could have non-performing assets or an increase in non-performing assets, and we would anticipate that the value of our Clients' portfolios would decrease during these periods. For instance, concerns of economic slowdown in China and other emerging markets and signs of deteriorating sovereign debt conditions in Europe could lead to disruption and instability in the global financial markets. The significant debt in the United States and European countries is expected to hinder growth in those countries for the foreseeable future. In the future, the U.S. government may not be able to meet its debt payments unless the federal debt ceiling is raised. If legislation increasing the debt ceiling is not enacted, as needed, and the debt ceiling is reached, the U.S. federal government may stop or delay making payments on its obligations. Any default by the U.S. government on its obligations or any prolonged U.S. government shutdown could negatively impact the U.S. economy and our Clients' portfolio companies. Multiple factors relating to the international operations of some of our Clients' portfolio companies and to particular countries in which they operate could negatively impact their business, financial condition and results of operations.

Some of the products of our Clients' portfolio companies are developed, manufactured, assembled, tested or marketed outside the United States. Any conflict or uncertainty in these countries, including due to natural disasters, public health concerns (including the global COVID-19 pandemic), political unrest or safety concerns, could harm their business, financial condition and results of operations. In addition, if the government of any country in which their products are developed, manufactured or sold sets technical or regulatory standards for products developed or manufactured in or imported into their country that are not widely shared, it may lead some of their customers to suspend imports of their products into that country, require manufacturers or developers in that country to manufacture or develop products with different technical or regulatory standards and disrupt cross-border manufacturing, marketing or business relationships which, in each case, could harm their businesses.

**Our Clients' failure to make follow-on investments in their portfolio companies could impair the value of our Clients' portfolio.**

Following an initial investment in a portfolio company, our Clients may make additional investments in that portfolio company as "follow-on" investments, in order to: (i) increase or maintain in whole or in part our Clients' ownership percentage; (ii) exercise warrants, options or convertible securities that were acquired in the original or subsequent financing; or (iii) attempt to preserve or enhance the value of our Clients' investment. We and our Clients may elect not to make follow-on investments or our Clients may otherwise lack sufficient funds to make those investments. We and our Clients will have the discretion to make any follow-on investments, subject to the availability of capital resources. The failure to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our Clients' initial investment, or may result in a missed opportunity for our Clients to increase their participation in a successful operation. Even if our Clients have sufficient capital to make a desired follow-on investment, we and our Clients may elect not to make a follow-on investment because we and our Clients may not want to increase our Clients' concentration of risk, either because we and our Clients prefer other opportunities or (in the case of our BDCs) because our BDCs are subject to BDC regulatory requirements that would prevent

such follow-on investments or the desire to maintain the RIC tax status of our BDCs.

**Where our Clients do not hold controlling equity interests in their portfolio companies, our Clients may not be in a position to exercise control over their portfolio companies or to prevent decisions by management of our Clients' portfolio companies that could decrease the value of our Clients' investments.**

Although our Clients hold controlling equity positions in some of their portfolio companies, our Clients do not currently hold controlling equity positions in the majority of their portfolio companies. As a result, our Clients are subject to the risk that a portfolio company in which they do not have a controlling interest may make business decisions with which we and our Clients disagree, and that the management and/or stockholders of such portfolio company may take risks or otherwise act in ways that are adverse to our and our Clients' interests. Due to the lack of liquidity of the debt and equity investments that our Clients typically hold in their portfolio companies, our Clients may not be able to dispose of their investments in the event we and our Clients disagree with the actions of a portfolio company and may therefore suffer a decrease in the value of our Clients' investments.

**Prepayments of our Clients' debt investments by their portfolio companies could adversely impact our and our Clients' results of operations and reduce our Clients' return on equity.**

Our Clients are subject to the risk that the investments we advise our Clients to make in their portfolio companies may be prepaid prior to maturity. When this occurs, our Clients may reduce their borrowings outstanding or reinvest these proceeds in temporary investments, pending their future investment in new portfolio companies. These temporary investments, if any, will typically have substantially lower yields than the debt investment being prepaid and our Clients could experience significant delays in reinvesting these amounts. Any future investment in a new portfolio company may also be at lower yields than the debt investment that was prepaid. As a result, SLR and our Clients' results of operations could be materially adversely affected if one or more of our Clients' portfolio companies elect to prepay amounts owed to our Clients. Additionally, prepayments could negatively impact our Clients' return on equity, which could also result in a decline in the market price of our public BDCs' common stock.

**We may advise our Clients to waive or defer enforcement of covenants in the debt securities held in our Clients' portfolio, which may cause our Clients to lose all or part of their investment in these companies.**

We advise our Clients to structure the debt investments in our Clients' portfolio companies to include business and financial covenants placing affirmative and negative obligations on the operation of the company's business and its financial condition. However, from time to time we may advise our Clients to elect to waive breaches of these covenants, including our Clients' right to payment, or waive or defer enforcement of remedies, such as acceleration of obligations or foreclosure on collateral, depending upon the financial condition and prospects of the particular portfolio company. These actions may reduce the likelihood of our Clients receiving the full amount of future payments of interest or principal and be accompanied by a deterioration in the value of the underlying collateral as many of these companies may have limited financial resources, may be unable to meet future obligations and may go bankrupt. This could negatively impact our Clients' ability to pay distributions, could adversely affect our and

our Clients' results of operation and financial condition.

In addition, some of the loans in which we may advise our Clients to invest may be "covenant-lite" loans. We use the term "covenant-lite" loans to refer generally to loans that do not have a complete set of financial maintenance covenants.

Generally, "covenant-lite" loans provide borrower companies more freedom to negatively impact lenders because their covenants are incurrence-based, which means they are only tested and can only be breached following an affirmative action of the borrower, rather than by a deterioration in the borrower's financial condition. Accordingly, to the extent we advise our Clients to invest in "covenant-lite" loans, our Clients may have fewer rights against a borrower and may have a greater risk of loss on such investments as compared to investments in or exposure to loans with financial maintenance covenants.

**Our Clients' loans could be subject to equitable subordination by a court, which would increase our Clients' risk of loss with respect to such loans.**

Courts may apply the doctrine of equitable subordination to subordinate the claim or lien of a lender against a borrower to claims or liens of other creditors of the borrower, when the lender or its affiliates is found to have engaged in unfair, inequitable or fraudulent conduct. The courts have also applied the doctrine of equitable subordination when a lender or its affiliates is found to have exerted inappropriate control over a client, including control resulting from the ownership of equity interests in a client. Our Clients have made direct equity investments or received warrants in connection with loans. Payments on one or more of our Clients' loans, particularly a loan to a client in which our Client may also hold an equity interest, may be subject to claims of equitable subordination. If our Clients were deemed to have the ability to control or otherwise exercise influence over the business and affairs of one or more of our Clients' portfolio companies resulting in economic hardship to other creditors of that company, this control or influence may constitute grounds for equitable subordination and a court may treat one or more of our Clients' loans as if it were unsecured or common equity in the portfolio company. In that case, if the portfolio company were to liquidate, our Clients would be entitled to repayment of their loan on a pro-rata basis with other unsecured debt or, if the effect of subordination was to place our Clients at the level of common equity, then on an equal basis with other holders of the portfolio company's common equity only after all of its obligations relating to its debt and preferred securities had been satisfied.

**An investment strategy focused primarily on privately held companies presents certain challenges, including the lack of available information about these companies, a dependence on the talents and efforts of only a few key portfolio company personnel and a greater vulnerability to economic downturns.**

We advise our Clients to invest primarily in privately held companies. Generally, little public information exists about these companies, and our Clients are required to rely on the ability of our personnel to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and our Clients may lose money on their investments. Also, smaller privately held companies frequently have less diverse product lines and smaller market presence than larger competitors. These factors could adversely affect our Clients' investment returns as compared to companies investing primarily in the securities of

public companies.

**Our Clients' portfolio companies may incur debt that ranks equally with, or senior to, their investments in such companies.**

We advise our Clients' to invest primarily in senior secured loans, and to a lesser extent second lien loans and unsecured debt, preferred securities, and equity securities issued by our Clients' portfolio companies. Our Clients' portfolio companies typically have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt securities in which our Clients invest. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments in respect of the debt securities in which our Clients' invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our Clients' investment in that portfolio company would typically be entitled to receive payment in full before our Clients' receive any distribution in respect of our Clients' investment. After repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligation to our Clients. In the case of debt ranking equally with debt securities in which our Clients' invest, our Clients would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company. Any such limitations on the ability of our Clients' portfolio companies to make principal or interest payments to our Clients, if at all, may reduce our Clients' net asset values and have a negative material adverse impact to our and our Clients' business, financial condition and results of operation.

**Our Clients' investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.**

Some of our Clients' investment strategies contemplate potential investments in debt securities of foreign companies, including emerging market companies. Investing in foreign companies may expose our Clients to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. These risks may be more pronounced for portfolio companies located or operating primarily in emerging markets, whose economies, markets and legal systems may be less developed.

Although most of our Clients' investments will be U.S. dollar-denominated, any investments denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. We may employ hedging techniques to minimize these risks, but we can offer no assurance that we will, in fact, hedge currency risk, or that if we do, such strategies will be effective.

**We may expose our Clients to risks if we advise our Clients to engage in hedging transactions.**

If we advise our Clients to engage in hedging transactions, we may expose Clients to risks associated with such transactions. We may advise our Clients to utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our Clients' portfolio positions from changes in currency exchange rates and market interest rates. Hedging against a decline in the values of our Clients' portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. It may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price.

The success of our Clients' hedging transactions will depend on our ability to correctly predict movements in currencies and interest rates. Therefore, while we may advise our Clients to enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in poorer overall investment performance than if our Clients had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent our Clients from achieving the intended hedge and expose

our Clients to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations. To the extent we advise our Clients to engage in hedging transactions, our Clients also face the risk that counterparties to the derivative instruments our Clients hold may default, which may expose them to unexpected losses from positions where we believed that our Clients' risk had been appropriately hedged.

**We may not be able to achieve the same or similar returns as those achieved by our senior investment professionals while they were employed at prior positions.**

Although in the past our senior investment professionals held senior positions at a number of investment firms, their track record and achievements are not necessarily indicative of future results that will be achieved by us. In their roles at such other firms, our senior investment professionals were part of investment teams, and they were not solely responsible for generating investment ideas. In addition, such investment teams arrived at investment decisions by consensus.

**We are highly dependent on information systems and systems failures could have a material adverse effect on our business, financial condition and results of operations.**

Our business depends on our communications and information systems, including financial and

accounting systems. Any failure or interruption of such systems could cause delays or other problems in our activities. Our financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control and adversely affect our business. There could be:

- sudden electrical or telecommunications outages;
- natural disasters such as earthquakes, tornadoes and hurricanes;
- events arising from local or larger scale political or social matters, including terrorist acts; and
- cyber-attacks.

This, in turn, could have a material adverse effect on our business.

**The failure in cyber security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning could impair our ability to conduct business effectively.**

The occurrence of a disaster, such as a cyber-attack against us or against a third-party that has access to our data or networks, a natural catastrophe, an industrial accident, failure of our disaster recovery systems, or consequential employee error, could have an adverse effect on our ability to communicate or conduct business, negatively impacting our operations and financial condition. This adverse effect can become particularly acute if those events affect our electronic data processing, transmission, storage, and retrieval systems, or impact the availability, integrity, or confidentiality of our data.

We depend heavily upon computer systems to perform necessary business functions. Despite our implementation of a variety of security measures, our computer systems, networks, and data, like those of other companies, could be subject to cyber-attacks and unauthorized access, use, alteration, or destruction, such as from physical and electronic break-ins or unauthorized tampering. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary, and other information processed, stored in, and transmitted through our computer systems and networks. Such an attack could cause interruptions or malfunctions in our operations, which could result in financial losses, litigation, regulatory penalties, client dissatisfaction or loss, reputational damage, and increased costs associated with mitigation of damages and remediation. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete or modify private and sensitive information, including nonpublic personal information related to our Clients' stockholders (and their beneficial owners) and material nonpublic information. The systems we have implemented to manage risks relating to these types of events could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems,

potentially resulting in further harm and preventing them from being addressed appropriately. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in our and our Clients' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to our Clients' stockholders, material nonpublic information and other sensitive information in our possession.

A disaster or a disruption in the infrastructure that supports our business, including a disruption involving electronic communications or other services used by us or third parties with whom we conduct business, or directly affecting our headquarters, could have a material adverse impact on our ability to continue to operate our business without interruption. Our disaster recovery programs may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse us for our losses, if at all.

Third parties with which we do business may also be sources of cybersecurity or other technological risk. We outsource certain functions and these relationships allow for the storage and processing of our information, as well as client, counterparty, employee, and borrower information. While we engage in actions to reduce our exposure resulting from outsourcing, ongoing threats may result in unauthorized access, loss, exposure, destruction, or other cybersecurity incident that affects our data, resulting in increased costs and other consequences as described above.

In addition, cybersecurity has become a top priority for global lawmakers and regulators around the world, and some jurisdictions have proposed or enacted laws requiring companies to notify regulators and individuals of data security breaches involving certain types of personal data. If we fail to comply with the relevant and increasing laws and regulations, we could suffer financial losses, a disruption of our businesses, liability to investors, regulatory intervention or reputational damage.

**Global economic, regulatory and market conditions may adversely affect our and our Clients' business, results of operations and financial condition, including our and our Clients' revenue growth and profitability.**

We, our Clients and our Clients' portfolio companies are subject to regulation by laws at the U.S. federal, state and local levels. These laws and regulations, as well as their interpretation, could change from time to time, including as the result of interpretive guidance or other directives from the U.S. President and others in the executive branch, and new laws, regulations and interpretations could also come into effect. Any such new or changed laws or regulations could have a material adverse effect on our and our Clients' business, and political uncertainty could increase regulatory uncertainty in the near term.

The effects of legislative and regulatory proposals directed at the financial services industry or affecting taxation, could negatively impact the operations, cash flows or financial condition of us, our Clients and our Clients' portfolio companies, impose additional costs on us, our Clients or our Clients' portfolio companies, intensify the regulatory supervision of us, our Clients or our Clients' portfolio companies or otherwise adversely affect our business, our Clients' business or the business of our Clients' portfolio companies. In addition, if we do not comply with applicable laws and regulations, we or our Clients could lose any licenses that we or our Clients hold for

the conduct of business and could be subject to civil fines and criminal penalties.

Over the last several years, there also has been an increase in regulatory attention to the extension of credit outside of the traditional banking sector, raising the possibility that some portion of the non-bank financial sector will be subject to new regulation. While it cannot be known at this time whether any regulation will be implemented or what form it will take, increased regulation of non-bank credit extension could negatively impact our or our Clients' operations, cash flows or financial condition, impose additional costs on us or our Clients, intensify the regulatory supervision of us or our Clients or otherwise adversely affect our and our Clients' business, financial condition and results of operations.

Although we cannot predict the impact, if any, of these changes to our and our Clients' business, they could adversely affect our or our Clients' business, financial condition, operating results and cash flows. Until we know what policy changes are made and how those changes impact business and the business of our competitors over the long term, we will not know if, overall, it will benefit from them or be negatively affected by them.

Various social and political circumstances in the U.S. and around the world (including wars and other forms of conflict, terrorist acts, security operations and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes and global health epidemics), may also contribute to increased market volatility and economic uncertainties or deterioration in the U.S. and worldwide. Such events, including rising trade tensions between the United States and China, other uncertainties regarding actual and potential shifts in U.S. and foreign, trade, economic and other policies with other countries, the large-scale invasion of Ukraine by Russia that began in February 2022 and resulting sanctions or other restrictive actions that the United States and other countries have imposed against Russia, and the COVID-19 pandemic, certain regional bank failures, an inflationary environment and the ongoing war in the Middle East, could adversely affect the Fund's business, financial condition or results of operations. These market and economic disruptions could negatively impact the operating results of the Fund's prospective portfolio companies.

Additionally, the Federal Reserve raised the Federal Funds Rate in 2022 and in 2023. Although the Federal Reserve left its benchmark rates steady in the fourth quarter of 2023, it has indicated that additional rate increases in the future may be necessary to mitigate inflationary pressures and there can be no assurance that the Federal Reserve will not make upward adjustments to the federal funds rate in 2024. However, there are reports that the Federal Reserve may begin to cut the benchmark rates. These developments, along with the United States government's credit and deficit concerns, global economic uncertainties and market volatility and the impacts of COVID-19, could cause interest rates to be volatile, which may negatively impact the Fund's ability to access the debt markets and capital markets on favorable terms.

Continuing market uncertainty may have a significant impact on the business of the Fund. Among other things, the level of investment opportunities may decline from the Investment Manager's current expectations. One possible consequence is that the Fund may take a longer than anticipated period to invest capital and/or the Fund may be relatively concentrated in a limited number of investments. Consequently, during this period, the returns (if any) realized by Limited Partners may be substantially adversely affected by the unfavorable performance of a small number of these investments. Furthermore, market conditions may unfavorably impact the Fund's ability to secure leverage on terms as favorable as more established borrowers in the



market, or to obtain any leverage on commercially favorable terms. To the extent the Fund is able to secure financing for investments, increases in interest rates or in the risk spread demanded by financing sources would make the use of leverage more expensive and could limit the Fund's ability to structure and consummate its investments. Although the Investment Manager believes that recent market dislocations will result in attractive investment opportunities, the Fund may not be able to time the acquisition or disposition of its investments correctly, which could result in further depreciation in values.

**Inflation may adversely affect the business, results of operations and financial condition of our Clients' portfolio companies.**

Certain of our Clients' portfolio companies are in industries that may be impacted by inflation. If such portfolio companies are unable to pass any increases in their costs of operations along to their customers, it could adversely affect their operating results and impact their ability to pay interest and principal on our Clients' loans, particularly if interest rates rise in response to inflation. In addition, any projected future decreases in our Clients' portfolio companies' operating results due to inflation could adversely impact the fair value of those investments. Any decreases in the fair value of our Clients' investments could result in future realized or unrealized losses and therefore reduce our Clients' net assets resulting from operations.

**Technological innovations and industry disruptions may negatively impact us and our Clients.**

Technological innovations have disrupted traditional approaches in multiple industries and can permit younger companies to achieve success and in the process disrupt markets and market practices. We can provide no assurance that new businesses and approaches will not be created that would compete with us and/or our Clients' portfolio companies or alter the market practices in which we, our Clients and our affiliates have been designed to function within and on which we depend on for our Clients' investment return. New approaches could damage our Clients' investments, disrupt the market in which we operate and subject us to increased competition, which could materially and adversely affect our and our Clients' business, financial condition and results of investments.

**Uncertainty about U.S. government initiatives could negatively impact our business, financial condition and results of operations.**

The U.S. government has recently called for significant changes to U.S. trade, healthcare, immigration, foreign and government regulatory policy. In this regard, there is significant uncertainty with respect to legislation, regulation and government policy at the federal level, as well as the state and local levels. Recent events have created a climate of heightened uncertainty and introduced new and difficult-to-quantify macroeconomic and political risks with potentially far-reaching implications. There has been a corresponding meaningful increase in the uncertainty surrounding interest rates, inflation, foreign exchange rates, trade volumes and fiscal and monetary policy. To the extent the U.S. Congress or the current administration implements changes to U.S. policy, those changes may impact, among other things, the U.S. and global economy, international trade and relations, unemployment, immigration, corporate taxes, healthcare, the U.S. regulatory environment, inflation and other areas.

A particular area identified as subject to potential change, amendment or repeal includes the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the “Dodd-Frank Act,” including the Volcker Rule and various swaps and derivatives regulations, credit risk retention requirements and the authorities of the Federal Reserve, the Financial Stability Oversight Council and the SEC. Given the uncertainty associated with the manner in which and whether the provisions of the Dodd-Frank Act will be implemented, repealed, amended, or replaced, the full impact such requirements will have on our business, results of operations or financial condition is unclear. The changes resulting from the Dodd-Frank Act or any changes to the regulations already implemented thereunder may require us to invest significant management attention and resources to evaluate and make necessary changes in order to comply with new statutory and regulatory requirements. Failure to comply with any such laws, regulations or principles, or changes thereto, may negatively impact our business, results of operations or financial condition. While we cannot predict what effect any changes in the laws or regulations or their interpretations would have on us as a result of recent financial reform legislation, these changes could be materially adverse to us and our Clients.

**The effect of global climate change may impact the operations of our Clients’ portfolio companies.**

There may be evidence of global climate change. Climate change creates physical and financial risk and some of our Clients’ portfolio companies may be adversely affected by climate change. For example, the needs of customers of energy companies vary with weather conditions, primarily temperature and humidity. To the extent weather conditions are affected by climate change, energy use could increase or decrease depending on the duration and magnitude of any changes. Increases in the cost of energy could adversely affect the cost of operations of our Clients’ portfolio companies if the use of energy products or services is material to their business. A decrease in energy use due to weather changes may affect some of our Clients’ portfolio companies’ financial condition, through decreased revenues. Extreme weather conditions in general require more system backup, adding to costs, and can contribute to increased system stresses, including service interruptions. Energy companies could also be affected by the potential for lawsuits against or taxes or other regulatory costs imposed on greenhouse gas emitters, based on links drawn between greenhouse gas emissions and climate change.

In December 2015 the United Nations, of which the U.S. is a member, adopted a climate accord with the long-term goal of limiting global warming and the short-term goal of significantly reducing greenhouse gas emissions. As a result, some of our Clients’ portfolio companies may become subject to new or strengthened regulations or legislation, which could increase their operating costs and/or decrease their revenues.

**We are subject to risks related to corporate social responsibility.**

Our and our Clients’ business (including that of our Clients’ portfolio companies) faces increasing public scrutiny related to environmental, social and governance (“ESG”) activities. We risk damage to our brand and reputation if we fail to act responsibly in a number of areas, such as diversity, equity and inclusion, environmental stewardship, support for local communities, corporate governance and transparency and considering ESG factors in our investment processes. Adverse incidents with respect to ESG activities could impact the value of our brand, our relationship with our Clients’ existing and future portfolio companies, the cost of our and our Clients’ operations and relationships with investors, all of which could adversely

affect our and our Clients' business and results of operations.

Additionally, new regulatory initiatives related to ESG that are applicable to us, our Clients and our Clients' portfolio companies could adversely affect our and our Clients' business. In May 2018, the European Commission adopted an "action plan on financing sustainable growth." The action plan is, among other things, designed to define and reorient investment toward sustainability. The action plan contemplates: establishing EU labels for green financial products; increasing disclosure requirements in the financial services sector around ESG and strengthening the transparency of companies on their ESG policies and introducing a 'green supporting factor' in the EU prudential rules for banks and insurance companies to incorporate climate risks into banks' and insurance companies' risk management policies. There is a risk that a significant reorientation in the market following the implementation of these and further measures could be adverse to our Clients' portfolio companies if they are perceived to be less valuable as a consequence of, e.g., their carbon footprint or "greenwashing" (i.e., the holding out of a product as having green or sustainable characteristics where this is not, in fact, the case). We, our Clients and our Clients' portfolio companies are subject to the risk that similar measures might be introduced in other jurisdictions in the future. Additionally, compliance with any new laws or regulations increases our and our Clients' regulatory burden and could make compliance more difficult and expensive, affect the manner in which we, our Clients or our Clients' portfolio companies conduct our and our Clients' businesses and adversely affect our and our Clients' profitability.

**We cannot predict how changes in tax law will affect us, our Clients, our Clients' investments, or our Clients' shareholders, and any such legislation could adversely affect our and our Clients' business.**

Legislative or other actions relating to taxes could have a negative effect on us and our Clients. The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U.S. Treasury Department. New legislation and any other tax law developments, including new or revised U.S. Treasury regulations, administrative interpretations or court decisions, could negatively and perhaps retroactively affect our Clients' ability to qualify for tax treatment as a RIC or the U.S. federal income tax consequences to us, our Clients' and our Clients' shareholders, or could have other adverse consequences. Investors are urged to consult with their tax advisor regarding tax legislative, regulatory, or administrative developments and proposals and their potential effect on an investment in our Clients.

### **We are subject to Distress Events and Financial Institution Risk**

An investment in our Client (including that of our Clients' portfolio companies) is subject to the risk that one of the Client's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Client's assets (each, a "**Financial Institution**") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty (similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023) (each, a "**Distress Event**"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, SLR, the Client and/or their portfolio companies may not be able to access deposits, borrowing facilities or other

services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation (“FDIC”), in the case of banks, or the Securities Investor Protection Corporation (“SIPC”), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on our ability to manage the Client and their investments, and on the ability of SLR, any Client and/or portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include a Client to pay fees and expenses in the event the Client is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well the inability of a Client to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments and/or the inability of portfolio companies to make payroll, fulfill obligations and maintain operations. Although we expect to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

Many Financial Institutions require, as a condition to using their services or otherwise, that SLR and/or the relevant Client maintain all or a set amount or percentage of their respective accounts or assets with the Custodian, which heightens the risks associated with a Distress Event with respect to such Custodians] Although we seek to do business with Custodians that it believes are creditworthy and capable of fulfilling their respective obligations to the Clients, we are under no obligation to use a minimum number of Custodians with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

### **We are subject to risks related to Artificial Intelligence Engines and Machine Learning (collectively “AI”)**

AI is used as an umbrella term that encompasses a broad spectrum of different technologies and applications. We define AI as computer systems able to perform tasks that normally require human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages, more commonly known as generative AI. As part of our investment management process, SLR may use AI for investment research or decision process. When relying on AI there are certain risks involved, including data quality, copyright and trade secret violations, confidentiality breaches, unauthorized access or malware risks, insider trading, breach of contract, cybersecurity, and privacy law violations. Data inputs and outputs are assessed and evaluated for data integrity, however, there is no assurance of accuracy, and our Client’s account may be negatively affected.

### **We are subject to Material Non-Public Information Risk.**

Because of their responsibilities in connection with other adviser activities, individual advisory Associates may, upon occasion, acquire confidential or material non-public information or be restricted from initiating transactions in specific securities. SLR will not be free to act upon any

such information. Due to these restrictions, we may not be able to initiate a transaction that it otherwise might have started and may not be able to sell an investment that it otherwise might have sold.

**Uncertainty about Climate Change could negatively impact our business, financial condition and results of operations.**

We may acquire investments that are located in, or have operations in, areas that are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the Clients business and operations. Physical impacts of climate change may include increased storm intensity and severity of weather (e.g., floods or hurricanes), sea level rise, fires, and extreme and changing temperatures. As a result of these impacts from climate-related events, the Clients may be vulnerable to the following: risks of property damage to the Clients' investments; indirect financial and operational impacts from disruptions to the operations of the Funds' investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for both investments and the products and services of the Clients' investments; increased insurance claims and liabilities; increase in energy costs impacting operational returns; changes in the availability or quality of water, food or other natural resources on which the Clients' business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

**Item 9: Disciplinary Information**

There have been no disciplinary events to be disclosed.

**Item 10: Other Financial Industry Activities and Affiliations**

Our Clients are SLR Investment Corp., SCP Private Credit Income BDC LLC, SLR HC BDC LLC and SLP Private Credit BDC II LLC, which are BDCs, three SMA(s) and eleven private funds. Mr. Gross is the Co-Chief Executive Officer and Chairman of the Boards of Directors of the BDCs and an Authorized Person for the SMAs. Mr. Spohler is the Co-Chief Executive Officer, Chief Operating Officer and Director of the BDCs and an authorized person for the SMAs. SLR Capital Partners, LLC controls the general partners or managing members of the private funds.

Since we and several of our Clients are under common management, there is a conflict of interest because we could direct our discretionary Clients to follow our investment advice in a way which would generate fees, or higher fees, for us but which might not be in the Client's best interests. We address this conflict by implementing a number of controls. Item 12 below further describes the factors we consider in trade allocation.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

**Participation or Interest in Client Transactions:** We have adopted a Joint Code of Ethics that governs all “Access Persons” of SLR (the “Joint Code”). The purpose of the Joint Code is to establish standards and procedures for the detection and prevention of activities by which persons having knowledge of the investments and investment intentions of the Client may not abuse their fiduciary duty to our Clients, and otherwise to deal with the types of conflict of interest situations addressed by Rule 17j-1 under the 1940 Act and Rule 204A-1 of the Investment Advisers Act of 1940.

The Joint Code is based on the principle that our managers, officers and employees who provide services to a Client owe a fiduciary duty to the Client to conduct their personal securities transactions in a manner that does not interfere with the Client’s transactions or otherwise take unfair advantage of their relationship with the Client. All directors, managers, partners, officers, and employees of SLR Capital Partners, LLC and SLR Capital Management, LLC (“Covered Personnel” or “Access Persons”) are expected to adhere to this general principle and to comply with all of the specific provisions of the Joint Code that are applicable to them.

Covered Personnel may not engage in any investment transaction which will interfere with the purchase or sale of investments by the Client or benefit the Covered Personnel to the detriment of the Client. Furthermore, Covered Personnel may not use information concerning the investments or investment intentions of the Client, or their ability to influence such investment intentions, for personal gain or in a manner detrimental to the interests of the Client. Covered Personnel may not engage in conduct that is deceitful, fraudulent or manipulative, or that involves false or misleading statements, in connection with the purchase or sale of investments by the Client.

**Prohibited Transactions:** No Supervised Person or Immediate Family may trade in “Securities” on the “Restricted List,” whether for his own account or for the account of a Client. “Security” and “Restricted List” are defined in the Joint Code. The Restricted List is updated as needed and made available to all Access Persons on the internal computer network, and quarterly trading activity is provided by Access Persons and checked by the Chief Compliance Officer.

**Reports by Access Persons:** All Access Persons are required quarterly to report securities transactions and annually to disclose securities holdings to the Chief Compliance Officer for all Securities in which they have a beneficial ownership interest.

**Additional Prohibitions:** All information concerning the securities being considered for purchase or sale by the Client shall be kept confidential by all Covered Personnel and disclosed by them only on a “need to know” basis. It is the responsibility of the Chief Compliance Officer to report any inadequacy found in this regard to the directors of the Client.

**Annual Certification:** Access Persons of SLR Capital Partners, LLC must certify annually that they have read the Joint Code, that they understand it, and that they recognize that they are subject to it, and that they have complied with its requirements.

At least annually, we must furnish our Clients' board of directors or general partner written report that: (A) describes any issues arising under the Joint Code or procedures since the last report to the board, including, but not limited to, information about material violations of the Joint Code or procedures and sanctions imposed in response to such violations; and (B) certifies that we have adopted procedures reasonably necessary to prevent Access Persons from violating the Joint Code.

A copy of our Joint Code will be provided upon request to any Client, prospective client, investor or prospective investor in any fund that we manage or advise. Joint Code is also available online on our website.

## **Item 12: Brokerage and Allocation Practices**

Since we will generally acquire and dispose of our investments in privately negotiated transactions, we generally do not use brokers in the normal course of our business. Subject to policies established by their board of directors, we will be primarily responsible for the execution of the publicly traded securities portion of our portfolio transactions and the allocation of brokerage commissions, if any. We do not expect to execute transactions through any particular broker or dealer, but will seek to obtain the best net results for Client's, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities. While we generally will seek reasonably competitive trade execution costs, SLR will not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, we may select a broker based partly upon brokerage or research services provided to the investment adviser and any other clients. In return for such services, we may pay a higher commission than other brokers would charge if the investment adviser determines in good faith that such commission is reasonable in relation to the services provided. Such practice is known as "**soft dollar arrangements.**" While we have authority to enter into soft dollar arrangements, we have not done so to date.

We do not receive Client referrals from broker-dealers or third parties.

We do not recommend, request or require Client direction regarding broker-dealers.

SLR serves as investment adviser to several Clients. We and our principals and affiliates act in a variety of discretionary capacities, including investment adviser, general partner, or investment manager, for other Clients. SLR is a fiduciary to each Client, owes a duty of loyalty to each Client and must treat each Client fairly and equitably over time. The following are the core principles governing our trading activities and the allocation of potential investment opportunities to Clients.

As a general matter, we provide individual advice and treatment to each Client based on the Client's investment objectives, restrictions, risk profile and other relevant characteristics. From time to time we become aware of investment opportunities which are appropriate for multiple Clients or groups of Clients. Moreover, because our Clients may have similar or overlapping investment objectives, restrictions, risk profiles and other characteristics, an investment may be held in or considered for multiple Clients contemporaneously. For this reason, we will frequently be in the position of seeking to acquire or sell the same securities for more than one

Client (or group of Clients) at the same time while, at other times, we may determine that a particular opportunity is appropriate for only a sub-set of the Clients initially considered (or that the opportunity is more appropriate for such Clients than others) based on the factors described below.

The purpose of our Investment Allocation Policy ("**Policy**") is to ensure that investment opportunities are allocated fairly and equitably among our Clients over time. The Policy also seeks to achieve reasonable efficiency and provides the flexibility to allocate investments among Clients in a manner that is consistent with the particular investment strategy and Client base. SLR's employees who are responsible for allocating investment opportunities among Client accounts must ensure that allocations comply with the requirements of the Policy, applicable law, regulations and any exemptive relief, and the terms of each relevant Client agreement.

The following principles and procedures have been compiled to ensure that each Client is, at all times, treated fairly in respect of the allocation of investment opportunities.

#### **A. General Principles**

SLR seeks to allocate investment opportunities among Clients fairly and equitably over time. When making investment allocation decisions, we may consider a variety of factors, among others, on a relative, or absolute basis and may, as discussed below, establish ratios, formulas or similar metrics to assist in making allocation decisions when the opportunity being considered may be appropriate for two or more Clients utilizing a similar investment strategy. The factors we consider when determining investment allocations include, but are not limited to:

- investment objectives or strategies for particular accounts;
- tax considerations of an account;
- risk, diversification or investment concentration parameters for a Client (including fixed or floating rate requirements, industry categories and credit rating requirements);
- supply or demand for a security at a given price level;
- size of available investment;
- available liquidity (including through borrowings or sales of liquid assets) and liquidity requirements for accounts;
- regulatory or Client-imposed restrictions;
- minimum investment size for a Client;
- relative total assets; and
- such other factors as may be relevant to a particular transaction.

However, we will not make investment allocation decisions based on any of the following considerations:

- to unduly favor one Client at the expense of another, including any proprietary or personal accounts of SLR or its employees, over time;
- to generate higher fees paid by one Client over another or to produce greater performance compensation to SLR;
- to develop or enhance a relationship with a Client or prospective Client;



- to compensate a Client for past services or benefits rendered to us or to induce future services or benefits to be rendered to us; and
- to manage or equalize investment performance among different Clients.

## **B. Allocation Procedures**

Where SLR has investment discretion, all allocations will be subject, where relevant, to compliance constraints or other factors identified under "Section A. General Principles" above and by the conditions of SLR's exemptive relief permitting certain joint transactions, otherwise prohibited by Sections 17(d), 57(a)(4) and 57(i) of the Investment Company Act and Rule 17d-1 thereunder which is currently in effect.

Each time SLR considers a potential allocation for multiple clients within their current objectives and strategies, SLR will make an independent determination of the appropriateness of the investment for the Client in light of the Client's current circumstances.

If SLR deems a Client's participation in any transaction to be appropriate for the Client, the Adviser will then determine an appropriate level of investment for Client.

If the aggregate amount of securities available in an investment opportunity is less than the amount proposed to be invested by all of our Clients, each Client will be allocated a pro rata share of the investment opportunity based on the amount of each Client's capital available for investment in the asset class being allocated, up to the amount proposed to be invested by each. All Clients participating in the same investment opportunity will participate on the same terms, conditions, price, class of securities to be purchased, settlement date and registration rights, unless otherwise directed by the Client.

If we, on behalf of a Client, desire to make a "follow-on investment" (i.e., an additional investment in an issuer) in the securities, or to exercise warrants or other rights, of an issuer whose securities were previously acquired and allocated in accordance with the Policy, we will allocate all follow-on investments in the same manner as it would allocate a new investment opportunity, except as otherwise instructed by the Client.

If we, on behalf of a Client, desire to sell, exchange, or otherwise dispose of an interest in a security of an issuer that was previously acquired and allocated in accordance with the Policy, we will determine whether the interest in the security should be disposed of by all Clients that hold such interest. If we determine that more than one Client should dispose of the interest, each Client will participate in the disposition on a proportionate basis, based on the amount of the interest available for sale by each Client and the total amount to be sold by all Clients, at the same price and on the same terms and conditions, except as otherwise instructed by the Client.

## **C. Subject to Client Approval**

The above requirements are subject to further or overriding instructions from a Client, as specified in the applicable agreement between SLR and the Client. As such, a Client may determine not to participate in an investment opportunity identified by us for which the Client would otherwise be eligible. In the event that a Client opts not to participate in an investment opportunity, other Clients shall not be restricted from participating in such opportunity. If a Client does not participate in an initial investment opportunity, we are not required to include

such Client in future follow-on investments in such issuer as specified in the Policy.

#### **D. Compliance with Exemptive Relief**

To maximize the ability of the Clients to co-invest with each other, SLR has obtained exemptive relief from the SEC, which imposes certain requirements on the allocation of investment opportunities among affiliates of the BDCs, as described in Rule 17d-1 under the Investment Company Act, and the BDCs. SLR and the Clients will comply with all conditions or requirements, including those related to the allocation of investment opportunities, our allocation procedures will be interpreted in light of these conditions.

#### **Item 13: Review of Accounts**

We manage our Clients' accounts on a daily basis. In addition, each Client's account is reviewed on an ongoing basis (at least quarterly) to assess performance. The purpose of the review is to ensure that our investment policies are reflected in the management of the account. The reviewers are Michael Gross and Bruce Spohler, investment committee members. We discuss performance with the members of the Board of Directors of the BDCs at least quarterly.

As a general policy, we provide the SMA(s) and private fund investors with a statement at least quarterly which includes information regarding the client's net asset value and a summary of its investments, if required.

#### **Item 14: Client Referrals and Other Compensation**

We do not accept economic benefits of any kind from any parties other than our Clients. From time to time, we may retain and pay third parties whom we do not supervise to generate new Client referrals. Compensation under this arrangement will generally be a percentage of the assets raised and calculated based on separate agreements. SLR will verify that any party compensated to distribute the Funds' securities is properly registered.

#### **Item 15: Custody**

We are deemed not to have custody of the BDC funds or securities in which we manage. Such funds or securities are held pursuant to a custody agreement with a qualified custodian in accordance with the Investment Company Act. We utilize Citibank N.A. as our independent qualified custodian for the BDCs.

The general partner or managing member of the private funds are related persons of SLR and are deemed to have custody of such Client funds or securities. In addition, and in most cases, SLR is deemed to have custody of its SMA Clients' funds or securities. For SMA's Clients are sent quarterly statements by Qualified Custodian.

SLR or its related persons are deemed to have custody of such Client assets due to their authority to direct investment, pay expenses and make disbursements generally for each of the private funds and SMA(s). Having the authority to effect investment related activities such as a purchase

or sale, transfer an investment or obtain possession of investments to re-register them, are activities that are deemed to evidence having custody of such funds or securities.

It should be noted that each private fund and SMA has their own separate bank accounts that have the physical custody of each Client's funds or securities and such bank accounts are covered in the scope of the audits of each private fund and SMA by an independent public accountant.

#### **Item 16: Investment Discretion**

We have discretion to use Client funds to make investment decisions with respect to the assets in our BDC and private funds. We do not have discretion over decisions with respect to the assets in our SMA(s).

Decisions regarding the purchase and sale of securities on behalf of our Clients are deliberated by our investment committee. We have the authority to purchase or sell securities subject to the investment policies and restrictions described in the BDC's registration statement and the private funds offering memorandum. We receive pre-approval for investments for the SMA(s).

As of December 31, 2023, our regulatory assets under management ("AUM") were approximately \$8.7 billion of which \$8.3 billion is discretionary and \$0.4 billion is non-discretionary.

#### **Item 17: Voting Client Securities**

A summary of the Proxy Voting Policies and Procedures of our adviser are set forth below. The guidelines are reviewed periodically by the adviser (and our non-interested directors of the BDCs as applicable) and, accordingly, are subject to change.

As an investment adviser registered under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"), SLR Capital Partners has a fiduciary duty to act solely in the best interests of its clients. As part of this duty, it recognizes that it must vote securities held by its clients in a timely manner free of conflicts of interest. These policies and procedures for voting proxies for investment advisory clients are intended to comply with Section 206 of, and Rule 206(4)-6 under, the Advisers Act.

To the limited extent we vote proxies relating to our portfolio securities, we do so in the best interest of our Clients. SLR Capital Partners reviews on a case-by-case basis each proposal submitted for a proxy vote to determine its impact on our investments. Although it generally votes against proposals that may have a negative impact on our investments, it may vote for such a proposal if there exists compelling long-term reasons to do so. The proxy voting decisions of our investment adviser are made by the senior investment professionals who are responsible for monitoring each of our investments. To ensure that our vote is not the product of a conflict of interest, it requires that: (i) anyone involved in the decision making process disclose to a managing member of SLR Capital Partners any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (ii) employees involved in the decision making process or vote administration are prohibited from revealing how we intend to vote on a proposal in order to reduce any attempted influence from interested parties.

You may obtain information about how we voted proxies, if any, by making a written request for proxy voting information to: SLR Capital Partners, LLC, 500 Park Avenue, New York, NY 10022.

#### **Item 18: Financial Information**

Our fees are typically assessed and collected in arrears.

There are no financial conditions reasonably likely to impair our ability to meet our contractual commitments to our Clients.