
MIDCAP FINANCIAL SERVICES

CAPITAL MANAGEMENT, LLC

FORM ADV PART 2A

March 29, 2024

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This brochure provides information about the qualifications and business practices of MidCap Financial Services Capital Management, LLC (“MidCap Financial Capital Management”). If you have any questions about the contents of this brochure (“Brochure”), please contact us at (301) 760-7600. 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 MidCap Financial Capital Management also is available on the SEC’s website at www.adviserinfo.sec.gov.

MidCap Financial Capital Management is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.

ITEM 2

Material Changes

This Item 2 discusses only the material changes that we have made to our Brochure since our Annual Updating amendment, dated March 31, 2023.

In this Annual Updating amendment being filed March 29, 2024, we are updating

- Items 4 and 16 to reflect that MidCap Financial Capital Management now provides non-discretionary advisory services;
- Item 6 to update the discussion of our allocation practices;
- Item 8 to update certain risk factors in light of recent and evolving circumstances.

Important Note about this Brochure

This Brochure is not:

- ***An offer or agreement to provide advisory services to any person,***
- ***An offer to sell interests (or a solicitation of an offer to purchase interests) in any private investment fund (each a “Fund”), any other pooled investment vehicle including, but not limited to, any collateralized loan obligation or other similar securitization issuer (each such pooled investment vehicle, a “CLO”),***
- ***An offer to enter into any separately managed account or “fund of one” (each an “SMA”); or***
- ***A complete discussion of the features, risks or conflicts associated with any Fund, any CLO, any SMA or any advisory service offered by MidCap Financial Capital Management.***

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), MidCap Financial Capital Management provides this Brochure to current and prospective clients and could also, in its discretion, provide this Brochure to current or prospective investors in clients, together with other relevant documents applicable thereto including but not limited to a client’s organizational documents, a CLO’s indentures and other related transaction documents or other documents governing the relationship between MidCap Financial Capital Management and the client or otherwise related to the client’s investments (“Governing Documents”), prior to, or in connection with, such persons’ investment in the related client. Additionally, this Brochure is available through the SEC’s Investment Adviser Public Disclosure website.

Although this publicly available Brochure describes investment advisory services and products of MidCap Financial Capital Management, persons who receive this Brochure (whether or not from MidCap Financial Capital Management) should be aware that it is designed solely to provide information about MidCap Financial Capital Management as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure differs from information provided in the Governing Documents. More complete information about each CLO is included in the Governing Documents, certain of which are provided to current and eligible prospective investors only by MidCap Financial Capital Management or by persons authorized to communicate with current or potential eligible investors by or on behalf of MidCap Financial Capital Management. To the extent that there is any conflict between discussions herein and similar or related discussions in any such Governing Documents, such Governing Documents shall govern and control.

No offer or solicitation for an investment in a CLO advised by MidCap Financial Capital Management will be made before the delivery of the Offering Memorandum to potential investors who should read the Offering Memorandum carefully and consult with their tax, legal and financial advisors before making any investment decision.

Throughout this Brochure, “Clients” refers to clients to whom MidCap Financial Capital Management provides (or will in the future provide) discretionary or non-discretionary investment advisory services (whether as adviser or sub-advisor) and “investors” refers to underlying investors in the client.

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ITEM 4

Advisory Business

MidCap Financial Services Capital Management, LLC (“MidCap Financial Capital Management”) is a Delaware limited liability company organized on October 3, 2016. Its principal place of business is at 7255 Woodmont Avenue, Bethesda, MD 20814. MidCap Financial Capital Management is an indirect wholly owned subsidiary of MidCap FinCo Designated Activity Company (“FinCo”), a private company limited by shares incorporated under the law of Ireland. FinCo’s parent, MidCap FinCo Holdings Limited (“Parent”), is owned by various third-party investors none of whom has authority to exercise in excess of 24.99% of the voting interests in Parent. Subsidiaries of Apollo Global Management, Inc. (“AGI”) hold non-controlling, but significant, economic interests in Parent and FinCo.

Parent and its subsidiaries (including MidCap Financial Services, LLC (“Midcap Financial Services”), MidCap Financial Trust and MidCap Financial Services (Ireland) Limited (“MidCap Ireland”), as the context requires, but not including MidCap Financial Capital Management or the collateralized loan obligation funds and similar securitization issuers (“CLOs”) and related CLO warehouse vehicles (“CLO Warehouses”), if any, that MidCap Financial Capital Management manages), are referred to herein as the “MidCap Group.” The MidCap Group is a middle-market focused specialty finance firm that provides financing to primarily middle market companies in a wide variety of industries. The MidCap Group uses its own capital (including the capital of the CLOs and CLO Warehouses that MidCap Financial Capital Management advises) to directly originate senior credit in middle-market loans some of which are CLO eligible loans.

MidCap Financial Capital Management currently provides investment advisory services on a discretionary and non-discretionary basis to its clients, which include, primarily pooled investment vehicles organized as CLOs and CLO Warehouses, or as other types of vehicles which borrow money to acquire loans (collectively “Clients”). While, as of the date of this Brochure, MidCap Financial Capital Management is not providing investment supervisory services to CLO Warehouses and other types of clients not specified in this Brochure, it could do so in the future, and will update Part 2A accordingly, to the extent necessary or appropriate. As used herein, the term Client shall, as appropriate, include such future clients.

The SEC, other regulatory bodies, and the courts have consistently construed the laws and regulations governing investment advisers as imposing a fiduciary duty on them consistent with the scope of the agreements and principal and agent relationship with respect to their dealings with clients. It is the policy of MidCap Financial Capital Management to act in a manner consistent with this position. Acting as a fiduciary requires that an investment adviser, consistent with its other statutory and regulatory obligations and except as otherwise disclosed to clients, acts solely in the advisory client’s best interests when providing investment advice and engaging in other fiduciary activities on behalf of the client.

MidCap Financial Services employs loan sourcing, servicing and back office and loan administration employees to assist in originating commercial and mortgage loans. Please refer to Item 8 “Methods of Analysis, Investment Strategies and Risk of Loss,” and Item 10 “Other Financial Industry Activities and Affiliations” for more information. MidCap Financial Capital Management’s recommendations will generally be limited to assets described below.

Generally, Clients will be organized in Delaware, the Cayman Islands, Jersey, Bermuda or the European Union as exempted companies that rely on Section 3(c)(7) of, or Rule 3a-7 under, the Investment Company Act of 1940 (the “1940 Act”), or other applicable exceptions or exemptions from the 1940 Act.

The CLOs and CLO Warehouses for which MidCap Financial Capital Management performs investment advisory services invest primarily in senior secured loans (i) originated by the MidCap Group or (ii) which were acquired from or made available to the MidCap Group by a third party or related party. Apollo Capital Management, L.P. (“ACM”), an indirect subsidiary of AGI, serves as investment manager to FinCo and its subsidiaries, and originates senior secured loans made available to the MidCap Group, as described herein, as well as to MidCap Financial Capital Management’s clients. Other Clients could invest in loans not originated by, acquired from or made available to the MidCap Group.

MidCap Financial Capital Management’s objective in managing the assets of each CLO is to achieve preservation of principal and diversification by company and industry. In this regard, in addition to the above, MidCap Financial Capital Management also invests in senior secured loans that are sourced or originated by certain AGI entities. ACM, together with its relying advisers and/or other registered investment advisers affiliated with AGI, manages AGI’s credit business segment and provides investment management, advisory and administrative services through wholly owned and controlled management entities to its advisory clients. Please see Item 10 for additional information regarding ACM. Additionally, certain of our indirect equity owners are advised by ACM or otherwise associated with (but are not necessarily affiliates of) AGI. Other Clients could have differing investment objectives, as agreed with each such Client from time to time.

MidCap Financial Capital Management provides investment advisory services to CLOs and CLO Warehouses to which MidCap Financial Capital Management, another member of the MidCap Group or a third-party acts as sponsor for purposes of the U.S. Risk Retention Rules. MidCap Financial Capital Management also provides investment advisory services to Clients for which the U.S Risk Retention Rules do not apply, including those following a loan to special purpose vehicle structure. As described further herein, the U.S. Risk Retention Rules require a sponsor of a securitization transaction (or its “majority-owned affiliate”) to retain at least 5% of the economic interest in the credit risk of the securitized assets.

Investment Advisory Relationships

The advisory relationship between MidCap Financial Capital Management and a CLO (or, if applicable, CLO Warehouse) or other Client is generally governed by a collateral management agreement or investment advisory agreement (“Management Agreement”) and the terms of other relevant offering materials, indentures, disclosure documents, and the constituent documents of the CLO (together with the Management Agreement, the “Governing Documents”). Other Clients could, but will not necessarily, have similar Governing Documents. The Management Agreements are generally negotiated between related parties and, as such, their terms, including the fees payable to MidCap Financial Capital Management, might not be as favorable to the Client as if they had been negotiated with an unaffiliated, unrelated third party. Such terms are described in more detail in the Client’s offering documents, if any.

MidCap Financial Capital Management can also provide investment management services to additional Clients, including other CLOs, that are offered to investors on a private placement basis, or to SMAs, without prior consultation with, or approval of, existing Clients.

In connection with providing investment management services, MidCap Financial Capital Management is appointed as investment adviser and typically, but not always, vested with discretionary trading authority. Except in limited circumstances, MidCap Financial Capital Management has full discretionary authority with respect to the investment decisions of the CLOs and other Clients; however, advice is provided in accordance with and is subject to the investment objectives, guidelines and restrictions set forth in each Client's Governing Documents and investment guidelines. In addition, as discussed in Item 11, "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading," MidCap Financial Capital Management expects that Clients will enter into principal transactions whereby the Client will buy an asset from (or sell an asset to) the MidCap Group. In these cases, MidCap Financial Capital Management will provide notice to, and request the informed consent of, the Client. Except as otherwise agreed, consent determinations will be made on the Client's behalf by its representative (which could be the CLO board, an independent director or trustee, an independent investment professional, an investor or group of investors or another person or entity designated by the CLO or CLO Warehouse who is independent of the MidCap Group, each an "Independent Review Party"). No principal transaction will be completed prior to receiving the required consent from the Independent Review Party and, for some Clients, additional consents or approvals will be required for certain transactions, as set forth in the relevant Governing Documents.

The information provided herein about the investment advisory services provided by MidCap Financial Capital Management is qualified in its entirety by reference to the relevant Client's Governing Documents. The Governing Documents for the relevant Client should be read carefully prior to investing in the Client. No offer to sell interests in any Client is made by the descriptions in this Brochure. Interests in a Client are available only to investors that meet the qualifications described in the offering documents.

Assets Under Management

As of December 31, 2023, for CLO Clients, MidCap Financial Capital Management managed \$7,518,404,444 of assets on a discretionary basis and \$700,422,591 of assets on a non-discretionary basis.

ITEM 5

Fees and Compensation

MidCap Financial Capital Management generally receives management fees in connection with the investment management services it provides to each Client and, if and as provided by the constituent documents, it or its affiliates could also receive other incentive compensation related to the performance of the Client; however, as of the date of this Brochure, no incentive compensation is charged. Such management fees or other compensation will generally be negotiable and are established at the beginning of the advisory relationship with each Client. Specific details of payment terms and compensation, including methods of calculation, are set out in the Client's Governing Documents.

Management Fees

Management fees are sometimes structured with a portion of such fee payable as a senior management fee and a portion payable as a subordinated management fee. Management fees are typically payable monthly or quarterly in arrears, are deducted from each Client's account and are dependent in part on certain cash distribution constraints set forth in the constituent documents for each Client.

Collateral management fees, which can include management fees for CLO clients, are payable only to the extent that funds are available in accordance with the priority of payments described in the CLOs' indentures. From time to time, CLOs can be refinanced with the consent of the equity holders in the CLO resulting in additional fees being borne by such equity holders of the CLO. For certain Clients, no management fee (or collateral management fee) is charged.

CLO Warehouse Fees

Any CLO Warehouses are expected to pay customary management fees, customary structuring fees and/or "warehouse success fees" (collectively, "CLO Warehouse Fees") to MidCap Financial Capital Management under CLO Warehouse Governing Documents as negotiated by on a deal-by-deal basis. CLO Warehouse Fees often include fees similar to management fees and incentive fees, described above, as well as certain fees negotiated in connection with a CLO payoff of such warehouse facility, in each case as described in the transaction documents for the warehouse facility.

Negotiation of Fees

MidCap Financial Capital Management has the authority to negotiate compensation with strategic partnerships, managed accounts and certain other investors in certain limited circumstances. MidCap Financial Capital Management generally is not required to, unless required by agreement with an investor or by applicable law or other legal process, disclose any particular investor's fee arrangement, or offer comparable preferential fee terms, to any other investor. In some cases, Governing Documents will set a fee rate for management services, but MidCap Financial Capital Management will agree to not charge such fees.

Client Expenses

In accordance with the terms of MidCap Financial Capital Management's Management Agreement with the CLOs or CLO Warehouses and applicable Governing Documents for a warehouse facility or other Clients, the Clients will generally (and CLO Warehouses can, depending on the Governing Documents) reimburse MidCap Financial Capital Management from time to time for certain out-of-pocket expenses related to the services provided by MidCap Financial Capital Management and third parties to the Client. Additionally, each Client will bear a variety of fees and expenses, as described generally below, that are be paid to MidCap Financial Capital Management, its affiliates or third parties such as attorney fees and disbursements. Other types of Clients generally bear similar fees and expenses, to the extent relevant to the Client's structure and operations.

Organizational Expenses. Each Client will typically pay or otherwise bear all fees, costs, expenses, and other liabilities incurred in connection with the formation and organization of such

Client, including commissions, costs, and all out-of-pocket legal, accounting, filing, capital raising, printing, electronic database, travel (which can include expenses for the use of private aircraft, first class or business class travel as well as ground transit), accommodations, meals and other similar fees, costs and expenses (collectively, the “Organizational Expenses”) as set forth in the Governing Documents. In some cases, the treatment of fees, costs and expenses are consistent from Client to Client while in other cases, these will be specific to a particular Client. As a result, investors should review the relevant Governing Documents for further information and the discussion herein is intended as a general overview and, as such, is qualified in whole by such Governing Documents.

Operating Expenses. In addition, each Client, subject to its Governing Documents, will typically pay or otherwise bear all of the direct and indirect fees, costs, expenses and other liabilities or obligations resulting from or arising in connection with its operations (collectively, the “Operating Expenses”). The Operating Expenses of a particular Client are set forth in its Governing Documents and can include, without limitation, fees, costs and expenses related to or arising from the following:

- (i) legal advisors, consultants, rating agencies, accountants, brokers and other professionals (including the advisory services provided by Redding Ridge described herein) retained or employed by the Client or MidCap Financial Capital Management or its affiliates;
- (ii) asset pricing and asset rating services, independent review party services, appraisal services, hedging services, custodial, trustee, transfer agent and recordkeeping services, collateral management services, compliance services and software, and accounting, programming and data entry services directly related to the management of the assets or prospective assets of the Client and/or the structuring of the Client;
- (iii) all taxes, regulatory and governmental charges (not based on the income of MidCap Financial Capital Management) and insurance premiums, insurance retention amounts or expenses;
- (iv) any and all costs and expenses incurred in connection with the acquisition, disposition of investments on behalf of the Client (whether or not actually consummated) and management thereof, including attorneys’ fees and disbursements and hedging fees and expenses;
- (v) preparing reports to the Client’s investors;
- (vi) reasonable travel expenses (including without limitation airfare, meals, lodging and other transportation) undertaken in connection with the performance by the MidCap Financial Capital Management of its duties pursuant the Management Agreement and other Governing Documents;
- (vii) risk management assessments and analysis of such Client’s assets;
- (viii) expenses and costs in connection with any investor conferences;

- (ix) any broker or brokers in consideration of brokerage services provided to MidCap Financial Capital Management in connection with the sale or purchase of any assets of the Client;
- (x) bookkeeping, accounting or recordkeeping and reporting services obtained or maintained with respect to the Client;
- (xi) software programs licensed from a third party and used by MidCap Financial Capital Management in connection with servicing the assets of the Client;
- (xii) fees and expenses incurred in obtaining the market value of the assets or prospective assets of the Client (including without limitation fees payable to any nationally recognized pricing service);
- (xiii) audits incurred in connection with any consolidation review;
- (xiv) any costs and expenses in connection with compliance with the Risk Retention Rules;
- (xv) maintaining such Client and any of its subsidiary or parent entities, including fees, costs and expenses incurred in the organization and restructuring of such subsidiary entities;
- (xvi) insurance allocated to such Client (including MidCap Financial Capital Management's group insurance policy, general partner's, directors' and officers' liability or other similar insurance policies, errors and omissions insurance, financial institution bond insurance and any other insurance for coverage of liabilities to any person that are incurred in connection with activities of such Client), litigation expenses, (including expenses incurred in connection with the investigation, prosecution, defense, judgment or settlement of litigation) and other extraordinary expenses (including fees, costs and expenses that are classified as extraordinary expenses under U.S. generally accepted accounting principles);
- (xvii) such Client's indemnification obligations (including any fees, costs and expenses incurred in connection with indemnifying covered persons consistent with such CLO's or CLO Warehouse's Governing Documents, and advancing fees, costs and expenses incurred by any such covered persons in defense or settlement of any claim that could be subject to a right of indemnification under such Client's Governing Documents);
- (xviii) any amendments, modifications, revisions or restatements to the Governing Documents of such Client;
- (xix) the dissolution, winding up and termination of such Client; and
- (xx) any expenses as otherwise agreed to by the Client and MidCap Financial Capital Management or reflected in the offering memorandum for the Client.

The foregoing categories of fees, costs, expenses and other liabilities shall be Organizational Expenses and Operating Expenses, respectively, regardless of whether the person or entity providing or performing the service or output giving rise to such fees, costs, expenses or other liabilities is associated with the Client (such as the general partner of the Client (or person serving in a similar capacity for the Client), its investment adviser or any of their respective affiliates) or is a third party. Any person associated with the Client is entitled to reimbursement from such Client or its portfolio investment for any Operating Expenses or Organizational Expenses paid and/or incurred by them on behalf of such Client. MidCap Financial Capital Management has discretion to seek reimbursement for Organizational Expenses and Operating Expenses and could choose not to seek reimbursement from certain Clients or for certain expenses. In circumstances where MidCap Financial Capital Management or a member of the MidCap Group retains the equity in a CLO, MidCap Financial Capital Management or a member of the MidCap Group can pay for the portion of expenses that would otherwise be allocated to such Client notwithstanding that other portions of such expense have been allocated to, and will be borne by, one or more other Client. In addition, if any service provider provides services to a Client on the premises of MidCap Financial Capital Management or affiliates, such Client will likely also be responsible for any overhead, rent or other fees, costs, and expenses charged by MidCap Financial Capital Management or its affiliates in connection with the on-site arrangement.

Operating Expenses Generally

All fees, costs and expenses incurred by MidCap Financial Capital Management personnel for travel, accommodations, meals, events, entertainment and other similar fees, costs and expenses are subject to MidCap Financial Capital Management's standard practices with respect to travel and expense reimbursement.

MidCap Financial Capital Management, the MidCap Group and their respective affiliates (including ACM as the investment manager of the MidCap Group) from time to time enter into arrangements with service providers that provide for fee discounts for services rendered to MidCap Financial Capital Management and its affiliates. For example, certain law firms retained by MidCap Financial Capital Management or one or more of its affiliates discount their legal fees for non-investment transaction legal services, such as legal advice in connection with MidCap Group operational, compliance and related matters. To the extent such law firms also provide legal services in connection with transactions or to Clients with respect to such matters, such Clients will likely enjoy the benefit of such fee discount arrangements to the extent the Client is participating in the transaction.

To the extent that MidCap Financial Capital Management or an affiliate is in a position to select or negotiate fees and expenses with a service provider, and/or acts as a service provider, MidCap Financial Capital Management faces a conflict of interest in that it has an incentive to seek to receive, or be relieved from bearing, certain fees or costs associated therewith, which will not always be passed forward for the benefit of any Client. See "Services from MidCap Group" below.

Allocation of Expenses. MidCap Financial Capital Management and its affiliates from time to time incur fees, costs and expenses on behalf of more than one Client. To the extent such fees, costs and expenses are incurred for the account or benefit of more than one Client, each relevant Client will typically bear an allocable portion of any such fees, costs, and expenses in proportion

to the size of its investment in the activity or entity to which the expense relates (subject to the terms of each Client's applicable Governing Documents), on a non pro-rata per transaction basis, or in such other manner as MidCap Financial Capital Management considers fair and equitable under the circumstances. MidCap Financial Capital Management endeavors to allocate such fees, costs and expenses on a fair and equitable basis. Due to differing pecuniary interests of MidCap Financial Capital Management and/or its affiliates in different Clients, MidCap Financial Capital Management has a potential conflict of interest in making allocation decisions, especially if there is an overlap in investment amongst active Clients. MidCap Financial Capital Management will allocate such fees, costs and expenses in proportion to the size of the investment in the instrument, activity or entity to which the expense relates, on a non pro-rata per transaction basis, or in such other manner as it considers fair and equitable and pursuant to its allocation policies.

In addition, investments held by Clients could also be held by the MidCap Group. To the extent that MidCap Financial Capital Management or other members of the MidCap Group incur fees, costs and expenses related to an investment held by a Client and a member of the MidCap Group, and MidCap Financial Capital Management elects to allocate a portion of such expenses to one or more Clients, it is expected that such costs and expenses will be allocated pro rata based on hold size in the investment (or alternatively on a non pro-rata per transaction basis) between the Clients, on the one hand, and the MidCap Group, on the other hand. The portion allocated to the Clients will be allocated among such Clients as set forth in the preceding paragraph.

In some cases, a Client's Governing Documents do not permit the Client to bear an expense, even though the expense would be attributable to that Client. Similarly, a portion of an expense could be attributed to one or more Clients while the remainder of the expense is attributable to MidCap Group or an affiliate. In such cases, MidCap Group or an affiliate will bear any portions of the expense that are attributable to it as well as the portions of the expense attributable to any Clients that are not permitted to bear the expense. In no event would a Client bear additional expenses as a result of expenses attributed to MidCap Group, an affiliate, or a Client whose Governing Documents do not allow it to bear the expense. However, because the determination of which parties should properly bear a portion of an expense (and the amount of the expense that is attributable to each party) is not always able to be determined with precision, MidCap Financial Capital Management has a conflict of interest in seeking to attribute expenses in good faith and in accordance with its policies and procedures so that such expenses are borne by the appropriate parties and fairly and equitably, to the extent that such an allocation could result in MidCap Financial Capital Management or MidCap Group bearing a greater portion of such expenses.

Services from the MidCap Group. Members of the MidCap Group provide services to MidCap Financial Capital Management and certain Clients, including: (i) providing assistance with portfolio management and underwriting, research, assessments and other information on potential investment opportunities; (ii) passing along information that was provided from third parties with respect to potential investment opportunities; (iii) providing physical space, back-office and other administrative services including, but not limited to, supporting legal, tax, accounting, operational, compliance and risk functions; and (iv) providing advice and expertise related to the financing strategies employed by MidCap Financial Capital Management and its affiliates and granting permission for MidCap Financial Capital Management to use the MidCap Group's contacts at various institutions to help identify potential/prospective investors. MidCap Financial Capital Management will bear fees, costs or expenses in connection with these services. In consideration

for providing such services, certain members of the MidCap Group will be entitled to service fees pursuant to service agreements with MidCap Financial Capital Management and will be entitled to reimbursement from the client for certain costs and expenses pursuant to such service agreements, as may be amended from time to time.

Special Fees and Management Fee Offsets

One hundred percent of all consulting or management consulting fees, investment banking fees, advisory fees, breakup fees, directors' fees, closing fees, transaction fees related to its or their negotiation of the acquisition and financing of portfolio investments, and similar fees (including interest, commitment fees or other fees received in connection with a bridge financing), whether in cash or in kind, including options, warrants, royalty streams and other non-cash consideration, in connection with certain Clients' respective actual or contemplated investments (collectively, "Special Fees") paid to MidCap Financial Capital Management or its affiliates with respect to any actual or potential investment by the Client will be retained and will not reduce or offset the amount of any fees otherwise payable to such entities in accordance with the terms of the relevant agreement providing for such fees.

Clients are not required to pay fees, costs or expenses in advance. In addition, no personnel of MidCap Financial Capital Management or its affiliates receives compensation in connection with the sale of interests in a Client.

Loan Related Fees for Services

The MidCap Group will underwrite and originate loans, some of which Clients will ultimately acquire. Typically, the MidCap Group receives and retains for itself fees from the related borrowers or otherwise receives fees in connection with such loans. Fees retained by the MidCap Group include, but are not limited to, structuring, commitment, origination, syndication, monitoring, agent and/or other fees, as set forth in the relevant loan documents. Certain of these fees serve to compensate such entity for services provided by it in connection with the loans and are not the type of fees typically received by non-lead lenders on such loans for the extension of credit. Consequently, these fees are not offset by MidCap Financial Capital Management against management fees paid by its clients for investment advisory and management services. For newly originated loans acquired at or shortly after origination, MidCap Financial Capital Management will give Clients the benefit of any original issue discount that is not retained by the MidCap Group. In most cases, Clients are also entitled to receive any other fees that are typically received by lenders with respect to loans, such as prepayment and amendment fees, which do not relate to specific services provided to the obligor. The MidCap Group's receipt of fees for services with respect to loans that could be acquired by Clients represents a potential conflict of interest to the extent that the MidCap Group has an economic incentive to underwrite and originate, and MidCap Financial Capital Management has an economic incentive to recommend or cause Clients to invest in, such loans. MidCap Financial Capital Management will not make allocation decisions on the basis of whether or not a particular client permits the MidCap Group to retain such fees.

ITEM 6

Performance Based Fees and Side-By-Side Management

“Performance-Based Fees” include any compensation that is based on a share of capital gains on or capital appreciation of the assets of an account. “Side-by-Side Management” refers to the simultaneous management of multiple accounts, some of which pay Performance-Based Fees and others of which charge other types of fees, including asset-based management fees, but not Performance-Based Fees. Performance-Based Fees and Side-By-Side Management create a variety of conflicts of interests for investment advisers. As of the date of this Brochure, MidCap Financial Capital Management charges only asset-based management fees, but MidCap Financial Capital Management could, if agreed by a Client in the future, charge Performance-Based Fees.

While MidCap Financial Capital Management does not currently charge Performance-Based Fees, or engage in Side-By-Side Management, MidCap Financial Capital Management or its affiliates can hold other pecuniary interests in Clients that create similar risks and conflicts. For example, as discussed in greater detail in “Risk Retention Rules” in Item 8, an affiliate of MidCap Financial Capital Management will retain economic interests in certain CLOs and CLO Warehouses that MidCap Financial Capital Management manages, the value of which will depend in part, on the performance of the CLOs and CLO Warehouses. Like performance-based fees, these pecuniary interests can increase the risks for investors in a Client.

As with accounts where a manager charges Performance-Based Fees, the pecuniary interests that MidCap Financial Capital Management or its affiliates have in a CLO or CLO Warehouse, including the holding of risk retention interests constituting the first loss or “equity” tranche in a CLO, create an incentive for MidCap Financial Capital Management to take increased investment risk with respect to the CLO or CLO Warehouse. Similarly, as is the case with side-by-side management by an investment adviser, to the extent that MidCap Financial Capital Management or its affiliates have differential pecuniary interests in different Clients, MidCap Financial Capital Management would have an incentive to favor those Clients in which it or its affiliates have greater pecuniary interests, over Clients where MidCap Financial Capital Management or its affiliates have lesser pecuniary interests. To mitigate these conflicts, MidCap Financial Capital Management will allocate trades and securities to client accounts on a fair and equitable basis over time, taking into account the client’s investment objectives and strategies as well as other relevant factors including applicable law. Please see Item 11 below.

In addition, in situations where a member of the MidCap Group retains all or a portion of the equity interests in a CLO, the only persons (other than the holders of any remaining equity interests) who will receive a financial return are creditors of the CLO that hold debt instruments that return either a fixed interest rate spread (typically calculated as a set percentage above a reference index) or a fixed rate of interest. Such creditors could include a member of the MidCap Group. This means that a member of the MidCap Group that retains such CLO equity interests will likely retain all or a portion of any proceeds of capital appreciation of assets held by such CLO once creditors have received their contracted returns and all fees and expenses have been paid. Costs associated with compliance with the Risk Retention Rules can be borne by MidCap Financial Capital Management’s Clients or investors in CLOs. Any such arrangement will be set forth in the governing documents or other agreements with applicable investors in the CLO.

Allocation to the MidCap Group

While ACM serves as the investment manager to various members of the MidCap Group, ACM does not serve as investment adviser to any MidCap Group CLO or CLO Warehouse (although ACM could serve as investment manager to affiliates of a Client). Any investment opportunity that is appropriate for more than one ACM client, including any loan or other investment opportunity sourced by a member of the MidCap Group for ACM's review, evaluation and approval for the MidCap Group, will be subject to and governed by the ACM allocation policy.

All loans or other investment opportunities sourced to FinCo and its lending subsidiaries, which are managed by ACM, are referred to the appropriate Apollo credit committee for approval. If the loan or investment opportunity is approved, ACM will allocate such loan or investment opportunity among ACM's clients (including the MidCap Group, but not including any MidCap Group CLO or CLO Warehouse) based on the ACM allocation policy. ACM exercises its own judgment and discretion in connection with its allocation decisions. There is no assurance that the MidCap Group will be allocated any portion of any investment opportunity. Moreover, the clients of MidCap Financial Capital Management are not clients of ACM. ACM will have no fiduciary duty to and no obligation to consider the interests of the clients of MidCap Financial Capital Management when making allocation determinations. As described below, unless an opportunity is allocated to the MidCap Group by ACM pursuant to ACM's allocation policy, MidCap Financial Capital Management will not have the ability to make such opportunity available for a CLO or CLO Warehouse. As a result, clients of MidCap Financial Capital Management will be impacted, potentially adversely, by the application of the ACM allocation policy to the MidCap Group and ACM's allocation decisions under that policy.

Allocation of Investment Opportunities to CLO and CLO Warehouse Clients of MidCap Financial Capital Management

Following the allocation of an investment opportunity to the MidCap Group by ACM, MidCap Financial Capital Management will determine whether the investment opportunity is appropriate for one or more of its Clients (including the CLOs and CLO Warehouses) prior to any other MidCap Group entity being offered the opportunity to invest.

If MidCap Financial Capital Management determines that no CLO or CLO Warehouse has capital available to invest in an investment opportunity on the projected closing date, but MidCap Financial Capital Management indicates that it has an interest in the investment opportunity via MidCap Financial Capital Management's portfolio manager's ("PM") meeting minutes, email confirmations or other measures for its Clients that are permitted at such time to invest should capital become available, a MidCap Group entity can elect to hold an investment temporarily and allow MidCap Financial Capital Management to consider such investment for its clients should capital become available during that holding period; however, no MidCap Group entity will have any obligation to hold the investment opportunity during that period or to make the investment opportunity available to MidCap Financial Capital Management at any time. Additionally, legal, tax, regulatory or structuring considerations can prevent a CLO or CLO Warehouse from being able (or render it inadvisable for a CLO or CLO Warehouse) to participate in all or a portion of an

investment opportunity at the time such investment opportunity is initially made available to MidCap Financial Capital Management (a “Restricted Client”).

No member of the MidCap Group is obligated to make investment opportunities available to Restricted Clients or to any other CLO or CLO Warehouse. However, if an opportunity remains available and MidCap Financial Capital Management determines it to be appropriate and meets the Client’s requirements or expectations, a Restricted Client can be offered an opportunity to acquire an investment opportunity from a member of the MidCap Group when the regulatory, tax or legal considerations no longer apply. In determining the Clients to whom the opportunity is allocated and the sizing of the allocation, the PM will take into consideration such factors as the PM determines to be necessary and appropriate to treat each of the Clients of the firm fairly and equitably over time, including, but not limited to, those factors set forth in the allocation procedures (“Allocation Procedures”) of MidCap Financial Capital Management.

In respect of each investment opportunity, MidCap Financial Capital Management will endeavor to place orders (“Orders”) on behalf of each Client for whom such investment opportunity is appropriate, in a manner that is fair and equitable over time. Generally, determinations as to the mandate, and suitability of an investment opportunity, for a client will be made by the PM for such client subject to the Allocation Procedures. If the aggregate amount of Orders exceeds the aggregate size of the investment opportunity, such opportunity will generally be allocated *pro rata* based on Order size. The two primary factors that MidCap Financial Capital Management will generally use to determine a client’s Order size are the client’s available capital and net asset value, in relation to those of other Clients’ eligible to participate and for whom MidCap Financial Capital Management has determined participation to be advisable. However, many other factors also could influence Order size decisions.

In the case of any allocation with respect to one or more clients that is not *pro rata* based on Order size, the rationale for such allocation shall be documented, reviewed and approved by the PM for MidCap Financial Capital Management. Compliance and/or the General Counsel will further review the allocation documentation to ensure that the above process is applied in a manner that is fair and equitable over time.

If any allocation methodology other than *pro rata* allocation is approved, MidCap Financial Capital Management’s Allocation Procedures allow a rotational allocation system and the avoidance of *de minimis* allocations to determine the appropriate allocation. A “*de minimis* allocation” is an allocation that MidCap Financial Capital Management determines is not large enough to affect a client’s portfolio in a meaningful way or is otherwise too small (either in absolute size or relative to the associated transaction costs) to merit consideration for investment by the client. Additionally, in certain cases splitting an asset in order to allocate on a *pro rata* basis will reduce the liquidity of the asset. In such cases, MidCap Financial Capital Management will allocate using a modified rotational system, whereby priority will be given based upon the relative amounts by which each portfolio is underweight in the asset or similar assets. The Allocation Procedures also permit other allocation methods to be used, if approved by the Allocation Committee, where MidCap Financial Capital Management believes such other methods are appropriate and will result in allocations that are fair and equitable over time. To the extent that the CLOs and CLO Warehouses do not take up any or all of an investment opportunity, the remainder will be available to the MidCap Group. This creates an incentive for MidCap Financial Capital Management to

reject or limit allocations to its clients to preserve an opportunity for the MidCap Group when it believes the opportunity is likely to be profitable. MidCap Financial Capital Management seeks to mitigate the potential that MidCap Financial Capital Management will allocate investment opportunities to CLOs and CLO Warehouses in a self-interested manner or favor a CLO or group of CLOs (or CLO Warehouse or group of CLO Warehouses) over another, whether or not MidCap Financial Capital Management benefits from such favoritism through the application of its Allocation Procedures.

As discussed above in “Allocation to the MidCap Group,” the Clients for which MidCap Financial Capital Management performs investment advisory services will invest exclusively (other than certain temporary investments) in investment opportunities first made available to the MidCap Group by ACM. ACM has no fiduciary duty to clients of MidCap Financial Capital Management when determining whether to make investment opportunities available to the MidCap Group.

MidCap Financial Capital Management expects that CLOs and CLO Warehouses will enter into principal transactions whereby a CLO or CLO Warehouse will buy an asset from (or sell an asset to) the MidCap Group. In these cases, MidCap Financial Capital Management will provide notice to, and request the informed consent of, the CLO or CLO Warehouse. Where consistent with the CLO’s or CLO Warehouse’s Governing Documents, consent determinations will be made on the CLO or CLO Warehouse’s behalf by an independent director trustee, an independent investment professional, an investor or group of investors or another person or entity designated by the CLO or CLO Warehouse who is independent of the MidCap Group. No principal transaction will be completed prior to receiving the required consent.

There can be no assurance that the application of the foregoing allocation principles will result in the allocation of any specific investment opportunity to any particular Client (including any particular CLO or CLO Warehouse) or that a client will participate in all investment opportunities falling within its investment objective.

Additionally, with respect to one Client, ACM serves as adviser to an affiliate of the Client and will make determinations for that affiliate as to the sale of certain assets to the Client. MidCap Financial Capital Management, in turn, makes determinations for the Client as to the acquisition of such assets.

ITEM 7

Types of Clients

MidCap Financial Capital Management Clients are generally CLOs and CLO Warehouses but can include SMAs or other institutional clients. Investment in the CLOs and CLO Warehouses is generally only available to qualified institutional buyers or institutional investors that are “accredited investors” or non “U.S. persons” as those terms are defined in the Securities Act of 1933 (the “Securities Act”) and “qualified purchasers” or “knowledgeable employees” as defined in the 1940 Act (or rules thereunder), as applicable or meet other qualifications relevant to non-U.S. markets. In some cases, the CLOs and CLO Warehouses have a specified minimum investment amount as described in their Governing Documents although MidCap Financial Capital Management could be granted authority under the Governing Documents to waive or reduce the minimum investment amount for an investor. MidCap Financial Capital Management anticipates

that a broad range of institutional investors meeting the criteria set forth above, which can include the MidCap Group, will invest in these CLOs or CLO Warehouses.

ITEM 8

Methods of Analysis, Investment Strategies and Risk of Loss

The following is a summary of the investment strategies and methods of analysis employed by MidCap Financial Capital Management in advising its Clients, as well as certain related risks. It is not possible in the context of this Brochure to describe all investment strategies and risks; as a result, this summary should not in any way be viewed as limiting MidCap Financial Capital Management's investment activities. MidCap Financial Capital Management could offer advisory services, employ investment strategies, provide advice with types of securities or other assets and make investments that are not described in this Brochure, as MidCap Financial Capital Management considers appropriate, subject to each Client's investment objectives and guidelines. Specific descriptions of such strategies and methods are included in each Client's Governing Documents, where applicable and to the extent deemed relevant or material. All investments carry a risk of loss that clients or investors should be prepared to bear and there can be no assurance that the investment objectives of any Client will be achieved.

Methods of Analysis and Investment Strategy

MidCap Financial Capital Management's investment strategy focuses primarily on leveraged credit, including senior secured loans, real estate credit, including senior secured mortgage loans, and loans to life sciences and technology companies underwritten on the basis of enterprise value and/or recurring revenue.

MidCap Financial Capital Management performs such research (and has research performed by third party service providers and MidCap Financial Services and MidCap Ireland) into each prospective investment and disposition as it deems reasonably necessary. Such research often includes, among other things, a review of the company's financial statements, comparisons with similar public and private companies, and analyzing relevant industry data (such as information on customers and suppliers) and a review of real property appraisals, seismic reports and other engineering reports. In conducting such research, MidCap Financial Capital Management or its service providers providing research services consult a variety of sources of information such as: inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, company press releases, financial newspapers and magazines and any other material MidCap Financial Capital Management deems relevant. For individual loans, MidCap Financial Capital Management will likely research credit history and for loan portfolios, MidCap Financial Capital Management could also research, among other things, payment and loss history, contractual terms, and interest income. MidCap Financial Capital Management sometimes engages the services of experts and consultants to supplement their research, including expert networks.

When making investment decisions, MidCap Financial Capital Management can consider, environmental, social and governance ("ESG") factors related to an obligor as an element of its credit research and analysis but, except as otherwise provided by a particular Client's Governing Documents, does not automatically or categorically screen investment opportunities based on ESG

considerations. MidCap Financial Capital Management can obtain ESG-related research (including analyses of particular companies or industries) and scoring from third parties and rely on such information when weighing ESG considerations for a particular investment.

MidCap Financial Capital Management does not represent that any Client is or will be “ESG Compliant” or (unless provided to the contrary in the relevant Governing Documents) assign any particular ESG scoring or factor(s) that would operate as a restriction on the Client’s ability to make or retain an investment, except as discussed below. Rather, for most Clients, ESG considerations are intended to help to inform MidCap Financial Capital Management’s views about the potential financial performance of companies – with positive ESG factors potentially increasing the attractiveness of an investment and negative ones potentially being viewed as increasing the risk of an investment. Nonetheless, there could be circumstances where MidCap Financial Capital Management determines to make an investment that it might not otherwise have made based on positive ESG factors or, conversely, declines to make an investment that it otherwise would have made if not for the presence of negative ESG factors and which will not always reflect the overall risk presented by an investment. The particular ESG factors that MidCap Financial Capital Management expects to consider when reviewing an investment will vary based on industry and can vary from investment-to-investment even within an industry. Not every investment will have any particular ESG characteristics and a Client could hold loans to obligors who pose ESG risk or who operate in industries that pose ESG risk.

For certain Clients the Governing Documents will impose further ESG restrictions or requirements including, in some cases, provisions that prohibit the Client from holding loans to borrowers that derive significant revenue or income from specified “Non-ESG Industries” (e.g., extraction from tar sands or arctic drilling, palm oil, opioids, tobacco, private prisons or trade or operation in restricted industries). For further information about the particular ESG approaches that are applicable to a particular Client, please consult the Client’s Governing Documents.

An investment in a Client is only suitable for investors who have knowledge and expertise in financial and business matters and are capable of evaluating the merits and risks of an investment in a CLO or CLO Warehouse, or other type of account advised by MidCap Financial Capital Management. Such investments are often highly speculative and involve the risk of total loss of an investor’s investment.

Investors should be aware that a Client’s investment mandates can effectively limit the Client to certain types of investments, which often will not be diversified. Clients typically invest (other than temporary investments) nearly all of their assets solely in loans that were: (i) originated by the MidCap Group; (ii) otherwise sourced by ACM; or (iii) made available for purchase to the MidCap Group or a CLO or CLO Warehouse by a third party or related party (including clients of ACM). Investments in a Client are generally not intended to provide a complete investment program. MidCap Financial Capital Management expects that the assets it manages do not represent all of the investor’s assets. Investors are responsible for appropriately diversifying their assets to guard against the risk of loss.

Material Risks Relating to Methods of Investment Analysis

MidCap Financial Capital Management seeks to conduct reasonable and appropriate due diligence based on the facts and circumstances applicable to each investment. The objective of the due diligence process is to identify attractive investment opportunities based on the facts and circumstances surrounding an investment and to identify possible risks associated with that investment. When conducting due diligence and making an assessment regarding an investment, MidCap Financial Capital Management can rely on any relevant information it reasonably deems appropriate, including information received from its affiliates and service providers. The due diligence process can be subjective (such as with respect to newly organized companies, newly constructed or renovated real estate assets, or newly developed or in-development intangible assets or business lines of the borrower, in each case for which only limited information is available). Accordingly, MidCap Financial Capital Management cannot be certain that its due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts (including fraud) that would be necessary or helpful in evaluating such investment opportunity. Also, MidCap Financial Capital Management cannot be certain that its due diligence investigations will result in investments being successful or that the actual financial performance of an investment will not fall short of the financial projections used when evaluating that investment. Diligence activities for MidCap Financial Capital Management are performed by personnel that are retained directly by MidCap Financial Capital Management or through a staffing agreement that allows MidCap Financial Capital Management access to MidCap Financial Services' and MidCap Ireland's personnel.

The risks of MidCap Financial Capital Management's investment analysis methods also include the unpredictability of general economic, financial and issuer-specific conditions.

Material Risks Relating to Investment Strategies

Investing in securities involves risk of loss that an investor should be prepared to bear. The securities in which MidCap Financial Capital Management's clients invest are subject to credit, liquidity, interest rate and exchange rate risks, general economic conditions, operational risks, structural risks, the condition of financial markets, political events, developments or trends in any particular industry, changes in prevailing interest rates and periods of adverse performance, among others.

Interests in each CLOs managed by MidCap Financial Capital Management will be offered to investors pursuant to disclosure documents and other Governing Documents that define the CLO's investment strategies and contain detailed information about the risks of investing in the CLO, including the risks relating to the securities issued to investors by the CLO and those relating to the underlying assets held by the CLO. With respect to any particular CLO managed by MidCap Financial Capital Management, the summary of investment strategies and risks in this Brochure is qualified in its entirety by the disclosure document and other Governing Documents for the particular CLO. Investors should carefully review the disclosure documents, offering documents and other Governing Documents for each CLO before investing in the CLO or making an investment decision to buy, sell or hold the securities issued by the CLO.

Risk of Loss

The following risk factors are those generally applicable to the CLOs, and which are often applicable to other types of Clients, that principally invest in debt instruments, including senior secured debt, first lien and second lien debt, subordinated debt, mortgage and mortgage securities, payment in kind loans, high-yield debt, senior debt, commercial loans, trade and credit derivatives, structured securities and bank loans and the material risks involved in investing in these types of securities are discussed below. However, additional risk factors, including risk factors that are specific to a particular Client's investment strategy, are often included in that Client's Governing Documents.

No Assurance of Investment Returns. MidCap Financial Capital Management cannot give Clients assurance that investments will generate returns or that returns will be commensurate with the risks of investing in the type of companies and transactions that fall within such Client's individual investment objectives.

Substantial Fees and Expenses. CLOs typically pay management fees, offering and organizational expenses and operating expenses as set forth in their Governing Documents, whether or not they make any profits; and other types of Clients could pay similar fees and be subject to similar expenses. While it is difficult to predict the future expenses of any Client, such expenses should be expected to be substantial. Please see Item 5, above, and the Client's Governing Documents for additional information on fees and expenses.

Business and Market Risks. The investments made by Clients are expected to involve a high degree of business and financial risk, which could result in substantial losses. In particular, these risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in national or international economic and market conditions, and changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks on security operations. The possibility of partial or total loss of capital will exist.

CLO Risks Generally. There are numerous risks associated with an investment in a CLO, including that interests in a CLO have limited liquidity and there are restrictions on their transfer; the CLO might have limited assets to make payment on the securities when due; certain securities issued by the CLO are subject to greater risk of nonpayment than more senior tranches; and the holders of securities often have limited rights to proceed against defaulting borrowers. Holders of interests in a CLO are also exposed to the risks of the underlying assets in which the CLO invests, which will consist primarily of senior secured loans, with a potential secondary focus on other types of leveraged or real estate mortgage credit, such as high yield debt securities. These risks are described in more detail below and in the CLO's Governing Documents. Investors should carefully review a CLO's Governing Documents before investing.

Credit Risk. All of the debt securities and loans (together, the "debt obligations") in which the Clients will invest are exposed to credit risk, which is the possibility that the issuer of a debt security will default on its obligation to pay interest and/or principal which could cause a Client to lose money. Corporate debt obligations rated lower than BBB- are considered to have significant credit risk. A significant portion of the assets of the CLOs managed by MidCap Financial Capital

Management will have ratings (or credit estimates) at or below this level or will be unrated. Debt obligations with lower credit ratings generally pay a higher level of income to debt holders but carry a greater risk of default.

Interest Rate Risk. Fixed rate debt obligations fluctuate in value as interest rates change. The general rule is that if the interest rate rises, the market price of fixed income securities will usually decrease. The reverse is also true if interest rates fall, the market prices of fixed income securities will generally increase. A debt security with a longer maturity (or a fund holding fixed income securities with a longer average maturity) will typically be more sensitive to changes in interest rates and it will fluctuate more in price than a shorter-term maturity. Floating rate instruments, such as the majority of the senior secured loans in which the Clients will invest, see increases in the total payment obligations of the borrowers thereunder during periods of rising interest rates, which could lead to an increase in default rates on such investments.

The U.S. Federal Reserve (the “Federal Reserve”) and global central banks, including the European Central Bank, have – in addition to other governmental actions to stabilize markets and seek to encourage economic growth – acted to increase interest rates from historic lows with the goal to ease inflation. It cannot be predicted with certainty when, or how, these policies will change, but actions by the Federal Reserve and other central banks could have a significant effect on interest rates and on the U.S. and world economies generally, which in turn could affect the performance of the investments of Clients.

Discontinuation of Libor. On March 5, 2021, the FCA announced that the one-week and two-month US dollar LIBOR settings will either cease to be provided by any administrator, or will no longer be representative, immediately following the LIBOR publication on December 31, 2021, and the remaining US dollar LIBOR settings, including one-month LIBOR, immediately following the LIBOR publication on June 30, 2023. Concurrent with the IBA’s proposal, the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation released a statement that (i) encouraged banks to cease entering into new contracts that use US dollar LIBOR as a reference rate as soon as practicable and in any event by December 31, 2021, (ii) indicated that new contracts entered into before December 31, 2021 should either utilize a reference rate other than US dollar LIBOR or have robust fallback language that includes a clearly defined alternative reference rate after US dollar LIBOR’s discontinuation and (iii) explained that extending the publication of certain US dollar LIBOR tenors until June 30, 2023 would allow most legacy US dollar LIBOR contracts to mature before LIBOR experiences disruptions. In addition, the U.S. federal government has adopted legislation (which preempts any Libor fallback legislation adopted by New York or any other state) to implement Libor fallback provisions for contracts that have no or ineffective Libor fallback language. Further to the foregoing, on April 3, 2023, the FCA announced that it would compel ICE Benchmark Administration Limited to publish a non-representative synthetic LIBOR for one, three and six month USD Libor settings for use in certain legacy contracts through the end of September 2024. The discontinuation of LIBOR as a benchmark rate may (i) increase pricing volatility with respect to collateral obligations, (ii) decrease the likelihood that interest rate risks can be hedged and/or (iii) negatively impact the liquidity of the CLO securities.

The floating rate securities in most U.S. CLO transactions issued in 2023 has been “Term SOFR”, which is the forward-looking term rate based on the Secured Overnight Financing Rate (“SOFR”)

for the applicable tenor published by CME Group Benchmark Administration Limited (or a successor administrator of the Term SOFR). A fallback rate may come into effect automatically to replace the SOFR-based benchmark in relation to the CLO securities, in accordance with the requirements of the applied indentures. In addition, a supplemental indenture may be entered into to provide for any other administrative changes in relation to such fallback rate. However, there can be no assurance that the adoption of a fallback rate (a) will be adopted, (b) if adopted, will effectively mitigate interest rate risks or result in an equivalent methodology for determining the interest rates on the CLO securities, (c) will be made prior to any date on which the issuer of the CLO securities suffers adverse consequences from the elimination or modification or potential elimination or modification of the SOFR-based benchmark or (d) will not have a material adverse effect on the holders of any class of CLO securities, including the liquidity of such securities.

Lack of Liquidity of Investments. Client portfolios will consist primarily of middle-market debt investments, including, but not limited to, senior secured first lien and second lien loans, senior secured mortgage loans, debtor-in-possession financings, delayed drawdown loans and revolving bank loans. Loans held by Clients are not generally traded on organized exchange markets but rather would typically be traded by banks and other institutional investors engaged in loan syndications. The liquidity of portfolio investments will therefore depend on the liquidity of this market. Trading in loans is subject to delays as transfers can require extensive and customized documentation, the payment of significant fees and the consent of the agent bank or underlying obligor. In addition, certain investments could be subject to legal or contractual restrictions or requirements that limit the Client's ability to transfer them or sell them for cash. The resulting illiquidity of these investments could make it more difficult for a Client investor to sell such investments if the need arises. If a Client were to need to sell all or a portion of its portfolio over a short period of time, it would likely realize significantly less value than the value at which it had previously recorded those investments or could realize if a more orderly sale were possible. There can be no assurance that Clients will be able to generate returns for their investors or that the returns will be commensurate with the risks of investing in the types of instruments described herein. As noted above, there is a possibility of partial or total loss of capital as a result of such constraints.

Allocation of Investments. MidCap Financial Capital Management has policies and procedures by which it determines the allocation of investment opportunities among appropriate Clients, as further described in Item 6 "Allocation of Investment Opportunities to Clients of MidCap Financial Capital Management." As a result of MidCap Financial Capital Management's allocation policies there is a possibility that a Client will not receive its desired allocation of a particular investment. It is also possible that due to these policies a Client will not receive any portion of a particular investment in which it is eligible to invest and from which it could benefit.

Risks of Investing in Middle-Market Loans. Certain Clients will typically invest, primarily in senior secured loans made to below-investment-grade, privately-owned, middle market companies typically sponsored by private equity or venture capital firms. Below-investment-grade companies generally refers to loans made to obligors who are rated below BBB-/Baa3 by one or more of the major rating agencies (or who receive below-investment-grade credit estimate therefrom) or, if no such rating or estimate has been obtained were viewed as presenting a comparable level of risk. The proceeds of these loans are used by such companies principally for acquisitions, recapitalizations and refinancings or other general corporate purposes. Investing in middle market

companies involves significant risks. Compared to larger, publicly traded companies and investment grade rated loan obligors, middle market companies generally have limited access to capital, higher funding costs, are often in a weaker financial position, need more capital to expand or compete and are less able to obtain financing from public capital markets or from traditional funding sources such as commercial banks. These companies can also be more vulnerable to variations in results of operations, changes impacting their industries and changes in general market conditions. They can also face intense competition, including from companies with greater financial, technical, managerial or marketing resources. These challenges can make it difficult for the underlying loan obligors to make scheduled payments of interest or principal on their loans. Accordingly, loans made to these types of loan obligors often entail higher risks than loans made to larger, publicly traded companies. As a result, there is no guarantee a Client will realize its rate of return objectives and could suffer losses.

Clients will invest primarily in senior, secured cash flow loans underwritten on the basis of the cash flow, profitability, enterprise value and/or monthly recurring revenue of the related loan obligor, with the value of any tangible assets securing the loans as secondary protection. Certain Clients can also invest in first lien last out, second lien or unitranche loans, real estate loans or loans to obligors in the life sciences or technology sector. Cash flow loans often have higher leverage ratios than those that would be available from bank lenders. In the case of senior cash flow loans, a lien is generally taken on substantially all of the loan obligor's assets, but the value of those assets is typically substantially less than the amount advanced to the loan obligor under the related loan. If a cash flow loan obligor defaults on its loan, the primary recourse for lenders under such loan to recover some or all of the principal of such loan would be to force the sale of all or part of the company as a going concern and/or restructure the loan and obtain restructured debt and/or equity ownership in the loan obligor as a means to recover some or all of the principal on the loan. Risks inherent in cash flow lending include, among other things:

- reduced use of or demand for the loan obligor's products or services reducing cash flow to service the loan and the value of the loan obligor as a going concern;
- inability of the loan obligor to manage working capital which could result in lower cash flow;
- inaccurate or fraudulent reporting of the loan obligor's financial position or financial statements;
- economic downturns, political events, regulatory changes, litigation or acts of terrorism that affect the loan obligor's business, financial condition and prospects;
- the loan obligor's poor management of its business; and
- if a loan obligor uses the proceeds of a cash flow loan to make an acquisition, poorly conceived or poorly executed acquisitions can cause a decline in the operations of the loan obligor's business, cash flow and value of the business as a going concern.

In addition, if a middle-market loan obligor is controlled by a private equity or venture capital sponsor who experiences financial difficulty or who has substantially reduced or eliminated its net investment in the loan obligor, such sponsor might not be willing or able to provide the same level of managerial, operating or financial support to such middle-market loan obligor.

Middle market loans involve a high degree of financial risk. Clients investing, directly or indirectly, in such loans might not meet their rate of return objectives and could suffer a substantial loss if such loans are not repaid by the related loan obligors.

Refinancing Risk. Certain Clients will typically invest primarily in balloon loans and bullet loans. These loans present refinancing risk. Balloon and bullet loans involve a greater degree of risk than other types of transactions because they are structured to allow for either small (balloon) or no (bullet) principal payments over the term of the debt obligation, requiring the obligor to make a large final payment upon the maturity of the debt obligation. The ability of such obligor to make this final payment upon the maturity of the debt obligation typically depends upon its ability either to refinance the debt obligation prior to maturity or to generate sufficient cash flow to repay the debt obligation at maturity. The ability of any obligor to accomplish any of these goals will be affected by many factors, including the availability of financing at acceptable rates to such obligor, the financial condition of such obligor, the marketability of the collateral (if any) securing such debt obligation, the operating history of the related business, tax laws and the prevailing general economic conditions. Consequently, such obligor might not have the ability to repay the debt obligation at maturity, and the Issuer could lose all or most of the principal of the debt obligation. Given their relative size and limited resources and access to capital, some obligors could have difficulty in repaying or refinancing their balloon and bullet debt obligation on a timely basis or at all.

Risks Related to Syndicated Loans. In some cases, a Client will acquire loans in a syndicated loan facility to which more than one lender is a party. These loan facilities are administered by a designated lender or other agent acting as the loan administrator on behalf of the lenders and it or another service provider could receive payments from the loan obligor and distribute them to the lenders. A member of the MidCap Group sometimes acts as loan administrator or loan agent for certain loans and in these cases would, as noted in Item 5 “Fees and Compensation,” earn a fee for doing so. If a member of the MidCap Group does not act as loan administrator, it generally will not have direct access to the loan obligor and, as a result, often does not receive the same financial or operational information that it is in a position to receive when it does act as loan administrator. The terms and conditions of these loan facilities could be amended, modified or waived only by the agreement of the lenders or some percentage thereof or by the loan administrator, as required under the underlying loan documents, and certain rights and remedies under such a loan facility can be initiated, exercised or directed only by a specified percentage of the lenders. Generally, any such agreement or direction must include a majority or a super majority (measured by outstanding loans or commitments) or, in certain circumstances, a unanimous vote, consent or direction of the lenders. Each Client typically will have a minority interest in such loan facilities. Consequently, the terms and conditions of such a loan facility could be modified, amended or waived in a manner contrary to the preferences of the MidCap Group and the Client(s), as relevant, if a sufficient number of the other lenders concurred with such modification, amendment or waiver. Similarly, the MidCap Group and the Client(s), as relevant, would not be able to initiate, exercise or direct a right or remedy otherwise available to the lenders if a sufficient number of the other lenders choose to take a different approach. Further, there could also be a risk that the MidCap Group will agree to terms and conditions of a loan facility to be modified, amended or waived in a manner contrary to the preferences of any particular Client. There can be no assurance that any loan acquired by a Client under such a loan facility will maintain the terms and conditions applicable thereto when the Client initially acquired such loan or that MidCap Financial Capital

Management on behalf of its Clients will be able to initiate, exercise or direct rights or remedies relating to such loan facility.

Investments in Subordinated Debt. Certain investments by Clients consist of loans or securities, or interests in pools of loans or securities, that are or could become subordinated in right of payment and ranked junior to other securities issued by, or loans made to, obligors. If an obligor experiences financial difficulty, holders of its more senior securities will be entitled to payments in priority to the Client. Some of a Client's asset-backed investments (including mortgage loans) also can have structural features that divert payments of interest and/or principal to more senior classes of loans or securities backed by the same assets when loss rates or delinquency exceeds certain levels. This can interrupt the income a Client receives from such investments, which could lead to the Client having less income to distribute to its investors. If the obligors are highly leveraged or Clients invest in securities that are unrated or rated below-investment-grade, such investments are subject to additional risks, including an increased risk of default during periods of economic downturn, the possibility that the obligor will not be able to meet its debt payments, and limited secondary market support, among other risks.

Investments in Loans to Life Sciences and Technology Obligor. Certain Clients will invest substantially all of their assets in loans to obligors that are life sciences and/or technology companies. These loans are generally underwritten on the basis of the enterprise value of the related obligors, which will often depend significantly on the value of certain intellectual property held by such obligors. However, these loans are not always secured by the intellectual property of such obligor. Occasionally, the documents for these loans require that obligors in respect of such loan will not sell or otherwise grant any liens on the relevant intellectual property (each such requirement, a "Negative Pledge"). While an obligor's Negative Pledge typically provides for the secured party to receive the economic benefits of such intellectual property (*e.g.*, a right to receive proceeds from the sale of such intellectual property), the enforcement of such Negative Pledge (and the subsequent realization of any proceeds of sales or other dispositions of such intellectual property) is largely untested in the United States court system and might not provide the same benefits as a lien, especially in the context of a bankruptcy proceeding where the related obligor is a debtor. Also, other creditors could be granted a lien in violation of a Negative Pledge or be the beneficiaries of an involuntary lien such as a judgment or tax lien. As a result, if the Client is required to enforce a Negative Pledge, anticipated collections in respect of the related Loan are likely to be compromised.

The value of tangible assets (if any) securing such loans is typically substantially less than the amount of money advanced to obligors under such loans. Because life sciences and technology loans are generally under secured if such loan becomes non-performing, the primary recourse to recover principal on such loan would be to seek enforcement of the related obligor's Negative Pledge and attempt to force the sale of such obligor as a going concern or of such obligor's assets (if the obligor granted a lien on substantially all of the assets of such obligor). Some life sciences and technology loans are structured with a term loan funded by a CLO and a related revolving loan funded by a MidCap Group entity. In those structures, the term loan collateral could be the enterprise value and Negative Pledge, and the revolving loan collateral could be accounts receivable and cash. Such transactions have a lender intercreditor agreement which would address the distribution of collateral value in a workout condition. Depending upon the respective values of the collateral pools for the term and revolving loans in a workout situation, conflicts could arise

between the MidCap Group and MidCap Financial Capital Management's Clients. In such cases, MidCap Financial Capital Management will seek to resolve such conflicts in a manner that is fair and equitable to its Clients.

When the MidCap Group acquires or originates loans to obligors that are life sciences or technology companies, it sometimes also acquires warrants options, royalty streams or other equity-related securities as well. The expectation of the MidCap Group is to ultimately dispose of these equity interests and realize gains upon their sale. However, Clients are not always permitted or able to acquire or invest in warrants options, royalty streams or other equity-related securities. In these scenarios, the one or more members of the MidCap Group would retain such warrants options, royalty streams or equity-related securities and sell only the related loan to the Client.

Accordingly, the Client would not be able to realize gains from such warrants, options, royalty streams or equity-related securities. In these cases, our practice is that these loans are sold to the Client at a price that reflects the value of the loan after deducting the value of such warrants, options, royalty streams or equity-related securities.

Risks related to Technology Obligors

Technology obligors can have narrow product lines and small market shares, which tend to render them more vulnerable to competitors' actions and market conditions, as well as to general economic downturns. The revenues, income (or losses), and valuations of technology obligors can fluctuate suddenly and dramatically. Cyclical economic downturns will occur from time to time and will not always be temporary in nature. In addition, technology-related industries are generally characterized by abrupt business cycles and intense competition. Overcapacity in technology-related industries, together with cyclical economic downturns, could result in substantial decreases in the financial performance of technology obligors and their ability to make principal and interest payments under the loans. Consequently, the obligors might face considerably more risk of loss than do companies in other industry sectors.

In addition, markets in which technology obligors operate are generally characterized by abrupt business cycles and intense competition. Because of rapid technological change, the average selling prices of products and some services provided by technology obligors have historically decreased over their productive lives. As a result, the average selling prices of products and services offered by technology obligors often decreases over time, which could adversely affect their operating results, their ability to meet obligations under their debt securities and the value of their equity securities. As a result, the operations and financial condition of a portfolio company could be materially and adversely affected and in turn affect the ability of such technology obligors to repay their respective loan.

Portfolio Investment Ratings. Investments in the debt of companies include commercial loans, high-yield corporate or other debt obligations of both U.S. and non-U.S. obligors rated below-investment-grade and other investment instruments as described in Item 4 of this Brochure, which have greater credit and liquidity risk than more highly rated obligations.

Downgrades and negative rating actions could occur with respect to the investments and, in such case, there is no requirement to sell any such investment. Investments with lower ratings will have

greater credit, insolvency and liquidity risk than more highly rated obligations and, therefore, a greater risk of loss. In addition to credit and liquidity risk, lower-rated obligations have greater volatility than more highly rated obligations. Future periods of uncertainty in the United States economy are likely to increase volatility and default rates.

Loans to Private Companies. Loans to private companies involve a number of particular risks, including risks related to the fact that:

- these companies often have limited financial resources and limited access to additional financing, which increases the risk of their defaulting on their obligations, leaving creditors dependent on any guarantees or collateral obtained;
- these companies often have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which renders them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- there often is not as much information publicly available about these companies as would be available for public companies and such information often is not of the same quality; and
- these companies are more likely to depend on the management talents and efforts of a small group of persons; as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations.

Risks Related to Mortgage Loans. Repayment of a mortgage loan depends on the performance of the related mortgaged property, of which we make no assurance. Mortgage loans secured by commercial or multifamily properties often have a high likelihood of delinquency and foreclosure and a high likelihood of loss in the event of delinquency or foreclosure. The chances of delinquency are often dependent on the underwriting of the loan or market conditions. Commercial lending typically involves large loans to single borrowers or groups of related borrowers which can increase the risk of loss. In many cases, the borrowers under the mortgage assets will be entities that are restricted from owning property other than the related mortgaged property. In some cases, the borrowers under the mortgage assets will be entities that operate in regulated healthcare industries subject to third party (e.g., Medicaid, Medicare or an insurance company) reimbursement risk. In most cases, the borrowers will not have any significant assets other than the property and related leases, which will be pledged to the lender. Therefore, payments on the mortgage assets and, in turn, payments of principal and interest on the securities in Clients that own mortgage assets, will depend on rental payments by lessees and other revenues from the operation of the property, rather than upon the existence of independent income or assets of the borrower. If the net operating income of the mortgaged property is reduced (for example, if rental or occupancy rates decline, healthcare reimbursement rates decline or real estate tax rates or other operating expenses increase), the borrower's ability to repay its Mortgage Asset could be impaired.

Commercial real estate can be affected significantly by the supply and demand in the market for the type of property securing the loan and, therefore, can be negatively impacted by adverse economic conditions. Market value fluctuations can result from economic events or governmental regulations outside the control of the borrower or lender that impact the cash flow of the property.

For example, some laws, such as the Americans with Disabilities Act, could require modifications to properties.

Furthermore, the value of any mortgaged property will be subject to risks generally incident to interests in real property, including:

- changes in general or local economic conditions and/or specific industry segments;
- declines in real estate values;
- declines in rental or occupancy rates;
- increases in interest rates, real estate tax rates and other operating expenses;
- changes in governmental rules, regulations and fiscal policies, including environmental legislation;
- natural disasters such as earthquakes, hurricanes, floods, eruptions or other acts of God;
- civil disturbances such as riots; and
- other circumstances, conditions or events beyond the control of the Master Servicer or the Special Servicer.

Additional risks can arise based on the type and use of a particular mortgaged property.

General Market Risks. Recent legal and regulatory changes, and additional legal and regulatory changes that could occur during a Client's term, could adversely impact the Client, and which could be particularly relevant for CLOs. The regulation of the U.S. and non-U.S. securities and futures markets and investment funds has undergone substantial change in recent years and such change can be expected to continue. The effect of such new regulations on Clients, while impossible to predict, could be substantial and adverse and could, directly or indirectly, subject Clients to increased capital requirements, higher fees and expenses, and limits on the types of investors they can solicit. For example, in recent years the SEC's stated examination priorities and published observations from examinations have included significant focus on advisers that manage privately-offered pooled investment vehicles. This focus has included collection of fees and allocation of expenses, marketing and valuation practices, allocation of investment opportunities, consistency of firms' practices with disclosures, purported waivers or limitations of fiduciary duties and the existence of, and adherence to, policies and procedures with respect to conflicts of interest. In August 2023, the SEC adopted new rules and amendments to existing rules under the Advisers Act specifically related to registered advisers and their activities with respect to private funds, other than "securitized asset funds" such as the CLOs. These rules will mandate increased reporting to private fund investors, limitations on, and disclosure of, preferential treatment of investors, including as granted through side letters, and prohibitions or limitations on certain other activities by advisers to private funds. Interpretive issues under these rules have arisen and will continue to arise. These rules have been challenged in federal court; however, as of the date of this Brochure, the results of that challenge remain unclear. Additionally, the SEC has proposed additional rules related to, among other things, safekeeping of client assets, cybersecurity, predictive data analytics and outsourcing. If the recently adopted rules are upheld, or any of these additional proposed rules are adopted, MidCap Financial Capital Management and

other investment advisers could be required to change longstanding business and legal practices, significantly increase compliance burdens and associated regulatory costs and complexity, increase operating costs, reduce the ability to receive certain expense reimbursements or indemnification in certain circumstances and, potentially, increase risk.

Laws and regulations, particularly those involving taxation, investment and trade, as applicable to the activities of a Client, can change quickly and unpredictably, and can at any time be amended, modified, repealed or replaced in a manner adverse to the Client's interests. It is impossible to predict what, if any, changes in regulation applicable to CLOs, private funds or MidCap Financial Capital Management, the markets in which they trade and invest or the counterparties with which they do business will be instituted in the future. These could result in Clients and/or MidCap Financial Capital Management being subjected to unduly burdensome and restrictive regulation.

In recent years, due to events in the financial markets, the financial services industry generally, and the activities of private funds and their managers in particular, brought intense and increasing regulatory scrutiny in the United States and in other jurisdictions. Such scrutiny and accompanying regulatory changes could increase the exposure of CLOs to potential liabilities and to legal, compliance and other related costs and otherwise have an adverse effect on private funds generally, and in particular, on the ability of CLOs to achieve their investment objectives. The private fund industry could continue to be adversely affected by the recent developments in the financial markets in the U.S. and abroad going forward, and any future legal, regulatory, or governmental action and developments in such financial markets and the broader global economy could have an adverse effect on the business of CLOs, operations and performance.

The entire market, or particular instruments traded on a market, could decline even if earnings or other factors improve inasmuch as the prices of such instruments are subject to numerous economic, political, psychological and other factors that have little or no correlation to the performance of a particular company. MidCap Financial Capital Management is permitted, but not required to hedge against market movements or the credit or other risks of any particular portfolio investment, whether by means of a derivative or other financial product or instrument. To the extent that a Client engages in certain hedging transactions, there can be no assurances that such hedging will insulate the Client from risks, and hedging techniques, whether via a derivative or other product or instrument, give rise to certain costs and additional risks, including a risk of the total loss of any amounts invested in hedging instruments.

Regulation and Enforcement; Litigation. CLOs are subject to regulation by laws at local and national levels and in multiple jurisdictions, including foreign countries. Specific and general regulations addressing capital markets, including tax laws and regulations, whether in the United States or abroad, could increase the cost of acquiring, holding, or divesting portfolio investments, reduce the profitability of investments, and increase the costs of operating the CLOs. Other types of Clients could also be subject to regulation. Additional regulation could also increase the risk of third-party litigation.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), among other things, granted regulatory authorities such as the Commodity Futures Trading Commission (the "CFTC"), the SEC and the Consumer Financial Protection Bureau (the "CFPB") broad rulemaking and enforcement authority to implement and oversee various provisions of the

Dodd-Frank Act, including comprehensive regulation of the over-the-counter derivatives and consumer finance markets. These expanded powers have resulted in rules that could adversely affect CLOs or investments made by CLOs.

CLOs are also subject to state and other federal regulations, borrower disclosure requirements, limits on fees and interest rates on some loans, state lender licensing requirements, and other regulatory requirements in the conduct of its business as an originator, lender, acquirer, or servicer of consumer and commercial loans. In circumstances where a state license is required, any delays MidCap Financial Capital Management or the CLO experiences in obtaining licenses due to the application requirements and processes involved could adversely impact the CLO and its investors. CLOs could also be subject to consumer disclosures and substantive requirements on consumer loan terms and other federal regulatory requirements applicable to consumer lending that are administered by the CFPB. These state and federal regulatory programs are designed to protect borrowers, not to protect investors in the CLO. Compliance with these regulatory requirements imposes staffing, legal, compliance and other costs and administrative burdens which would increase risk and reduce returns.

State and federal regulators and other governmental entities have authority to bring administrative enforcement actions or litigation to enforce compliance with applicable lending or consumer protection laws, with remedies that can include fines and monetary penalties, restitution to borrowers, injunctions to conform to law, or limitation or revocation of licenses and other remedies and penalties. In addition, lenders and servicers can become subject to litigation brought by or on behalf of borrowers for violations related to unfair or deceptive or, in the case of consumer borrowers, abusive practices. Failure to conform to applicable regulatory and legal requirements could be costly and could result in state or federal legal action seeking penalties or consumer redress or in a state or the CFPB prohibiting CLOs from operating certain businesses within their jurisdictions.

CLOs can also be indirectly affected by regulation of banks and other financial services firms with which the CLOs do business, from which the CLOs obtain financing or other services, or to which the CLOs seek to sell interests in loan securitizations. The regulatory regimes applicable to financial services firms with which CLOs do business could increase borrowing costs or limit the terms or availability of credit, affect the terms or pricing of loan securitizations, affect the collectability of loans, or have other indirect effects which could harm the CLO.

In addition, certain CLOs invest in distressed investments and, as a result, there is a possibility that MidCap Financial Capital Management will participate in restructuring activities. It is possible that certain CLOs will become involved in litigation respecting creditor disputes and similar issues among classes of claimants. Litigation entails expense and the possibility of counterclaims against such CLOs including their general partners and MidCap Financial Capital Management, and ultimately, judgments might be rendered against a CLO for which such CLO does not carry insurance.

Tax Risks. Tax changes have occurred, and are likely to occur in the future, that could adversely affect CLOs or other types of Clients. For example, tax reforms that passed in 2017 imposed additional limitations on the deductibility of interest deductions for debt, which could lead to

reduced appetite for financing by privately held middle market companies in which MidCap Financial Capital Management typically makes investments for clients.

MidCap Financial Capital Management cannot predict whether further new legislation or regulation governing the U.S. tax code will be enacted by legislative bodies or governmental agencies, nor can it predict what effect any such legislation or regulation might have, directly or indirectly, on the issuers of investments typically made by MidCap Financial Capital Management, the clients' investments or the availability of investment opportunities in the middle market. There can be no assurance that new legislation or regulation, including changes to existing laws and regulations, will not have a material negative impact on the value of investments typically made by MidCap Financial Capital Management, the clients' investment performance or any related investment opportunities.

Risk Retention Information. In accordance with the risk retention requirements promulgated under (a) Regulation (EU) 2017/2402 (the “EU Securitization Regulation”, and together with any supplementary regulatory technical standards, implementing technical standards and any guidance adopted in relation thereto by the European supervisory authorities, each as in force from time to time, the “EU Securitization Laws”) and (b) EU Securitization Regulation as it forms part of United Kingdom (“UK”) domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended by the Securitization (Amendment) (EU Exit) Regulations 2019 (the “UK Securitization Regulation” and, together with any supplementary regulatory technical standards, implementing standards and any official guidance published in relation thereto by the UK Financial Conduct Authority and/or the UK Prudential Regulation Authority, and any implementing laws or regulations, each as in force from time to time, the “UK Securitization Laws”), MidCap Financial Capital Management or an affiliate thereof could decide to retain interests in the CLOs and CLO Warehouses that it manages in order for such CLOs and CLO Warehouses to comply with the EU Securitization Laws and/or the UK Securitization Laws where securities issued in a securitization transaction are sold to certain types of EU or, as applicable, UK-regulated investors such as, in broad terms, credit institutions and investment firms (including certain consolidated affiliates thereof, wherever located), authorized alternative investment fund managers that manage and/or market alternative investment funds in the EU or UK, insurance and reinsurance undertakings, UCITS and the management companies thereof, and institutions for occupational retirement provision (with certain exceptions), each as set out in the EU Securitization Regulation or the UK Securitization Regulation (as applicable). These securities can be held in a number of prescribed forms, most typically through (i) a “vertical slice” equal to a 5% pro-rata percentage of the face value of each tranche or (ii) a “horizontal slice” equal to 5% of the fair value of all of the securities issued via the first loss or “equity” tranche. MidCap Financial Capital Management can hold CLO securities in addition to the requisite risk retention amount. There has been no explicit guidance regarding whether and how entities can be structured for this purpose and therefore the regulatory environment in which any such structure intends to operate is highly uncertain.

There can be no assurance that applicable governmental authorities will agree that any of the transactions, structures or arrangements entered into by MidCap Financial Capital Management and its affiliates, and the manner in which they expect to hold retention interests, will satisfy the EU Securitization Laws or the UK Securitization Laws, as applicable. The EU Securitization Laws and the UK Securitization Laws are each subject to changes, clarifications and

interpretations by governmental authorities that could have an adverse effect on MidCap Financial Capital Management and its affiliates.

Section 941 of the Dodd-Frank Act (the “U.S. Risk Retention Rules”) requires a “sponsor” of a securitization transaction (or its “majority-owned affiliate”) to retain at least 5% of the economic interest in the credit risk of the securitized assets. However, following a decision of the U.S. Court of Appeals for the District of Columbia issued on February 9, 2018 (the “DC Circuit Ruling”), collateral managers of “open-market CLOs” (described in the ruling as CLOs where assets are acquired from “arm’s-length negotiations and trading on an open market”) are no longer required to retain an interest in such “open-market CLOs” under the U.S. Risk Retention Rules. MidCap Financial Capital Management does not believe that any of the CLOs it currently manages are “open-market CLOs” due to the fact that each such CLO consists of underlying assets that are primarily or exclusively originated by a member of the MidCap Group. As a result, MidCap Financial Capital Management expects that the U.S. Risk Retention Rules will continue to apply to the CLOs it currently manages and any similarly collateralized CLOs that it will manage in the future.

A member of the MidCap Group and/or MidCap Financial Capital Management could from time to time, enter into secured financing arrangements (any such arrangement, a “Retention Financing”) to finance its acquisition of the Retention Interest. At this time, there is uncertainty concerning whether certain aspects of a Retention Financing would comply with the Risk Retention Rules. Any Retention Financing would be required to be full recourse to the entity holding the Retention Interest. No member of the MidCap Group or MidCap Financial Capital Management intends to engage in any hedging, transfer or financing of the U.S. Retention Interest that would be prohibited by the U.S. Risk Retention Rules. If an event of default occurs under a Retention Financing, the lenders thereunder would, under certain circumstances, have the right to foreclose on the security interest over the Retention Interest granted by a member of the MidCap Group and/or MidCap Financial Capital Management thereunder and to exercise other creditor remedies. Under such circumstances, a Retention Financing could result in a failure to satisfy the Risk Retention Rules. Any such failure could have a material and adverse effect on the market value and/or liquidity of the CLO securities as well as on the business, condition (financial or otherwise), assets, operations or prospects of the CLO.

The impact of the EU Securitization Laws and the U.S. Risk Retention Rules on the securitization market is also unclear and such rules (including any amendments thereto) could negatively impact the value of CLOs, CLO Warehouses and their underlying assets.

Regulation of Alternative Investment Fund Managers in the EEA and UK. EU Directive 2011/61/EU on Alternative Investment Fund Managers (“AIFMD”) provides a framework for the European Union (“EU”) and the additional states which together with the EU comprise the European Economic Area (“EEA”) to regulate managers (“AIFMs”) of alternative investment funds (“AIFs”) that are not Undertakings for the Collective Investment of Transferable Securities, but which are marketed or managed in the EU. Since July of 2013, the AIFMD has restricted the extent to which Clients can be marketed to potential investors in the EEA. Similarly, The Alternative Investment Fund Managers Regulations 2013 as amended by The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019 (“UK AIFMR”) regulates AIFMs and provides in effect that each AIF within the scope of the UK AIFMR must

have a designated AIFM responsible for ensuring compliance with the UK AIFMR. The AIFMD and the UK AIFMR impose significant regulatory requirements on AIFMs operating within the EEA or UK, including with respect to conduct of business, regulatory capital, valuations, disclosures and marketing. Interests in AIFs organized outside of, but that are marketed within the EEA or UK are now subject to significant ongoing obligations. Such funds can be marketed in each EEA jurisdiction or the UK only in compliance with the requirements of that jurisdiction to register the fund for marketing, undertake periodic investor and regulatory reporting including, among other items, the risk and portfolio profile of each Client which is marketed in that regulator's jurisdiction. Further requirements and restrictions could apply where Clients invest in EU or UK companies, including limits on certain investment and realization strategies, such as dividend recapitalizations and reorganizations. Such rules could potentially impose material additional costs on the operation of MidCap Financial Capital Management's business or investments in the EEA or the UK and could limit MidCap Financial Capital Management's operating flexibility within the relevant jurisdictions. In some countries, additional obligations are imposed as a condition of registration. For example, in Germany and Denmark, marketing of a non-EEA fund now also requires the appointment of one or more depositaries (with cost implications for the fund). Depending on the activities of each CLO, additional restrictions on investment activities would also apply to CLOs that are marketed to EEA or UK investors. Accessing EEA or UK investors could be more difficult as a result and CLO costs could increase due to any such additional requirements.

FCPA Considerations. MidCap Financial Capital Management is committed to complying with the U.S. Foreign Corrupt Practices Act ("FCPA") and other anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations, to which it is subject. As a result, a Client could be adversely affected because of their unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations make it difficult in certain circumstances for Clients to act successfully on investment opportunities and for portfolio investments to obtain or retain business.

In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. In addition, the UK has significantly expanded the reach of its anti-bribery laws. While MidCap Financial Capital Management has developed and implemented policies and procedures designed to ensure strict compliance by MidCap Financial Capital Management and their personnel with the FCPA, such policies and procedures might not prove effective in all instances to prevent violations. Any determination that MidCap Financial Capital Management has violated the FCPA or other applicable anti-corruption laws or anti-bribery laws could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect MidCap Financial Capital Management's business prospects and/or financial position, as well as a Client's ability to achieve its investment objective and/or conduct its operations.

Political, Social and Economic Risks and the Impact of Uncertainty. Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) will occur that create uncertainty and have significant impacts on issuers, industries, governments and other systems, including the financial markets, to which CLOs and borrowers are exposed. As global systems, economies and financial markets are

increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets, including in established markets such as the United States. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat.

Significant political, social and economic conditions and events, such as Brexit, the continuing COVID-19 pandemic and the Russia/Ukraine and Israel/Gaza conflict, have created substantial uncertainty. While the specific source, nature and impact of any events that create uncertainty is inherently difficult to predict, uncertainty can both create and exacerbate risk, even for investments made in established markets that are not directly exposed to the source of the uncertainty. Uncertainty can result in or coincide with: increased volatility in the global securities, derivatives and currency markets; a decrease in the reliability of market prices and difficulty in valuing assets; greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; less governmental regulation and supervision of the securities markets and market participants and decreased monitoring of the markets by governments or self-regulatory organizations and reduced enforcement of regulations; limited, or limitations on, the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; inability to purchase and sell investments or otherwise settle security or derivative transactions (*i.e.*, a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can last many years and have substantial negative effects on credit and securities markets as well as the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments. Uncertainty also creates a greater risk of escalation of conflicts, such as trade wars, sanctions or military actions, in times or locations that are experiencing social, economic or political uncertainty and such an escalation, in turn, can increase the level of uncertainty experienced. Escalation of conflicts can lead to: higher prices; disruption in infrastructure; impairments to the supply chain; imposition of taxes, tariffs, duties and/or sanctions (and retaliatory measures in response thereto); rerouting of long-standing trade relationships; exacerbation of global supply and pricing issues; reduction and scarcity of key resources; migration and other dislocations; failed debt payments; and currency devaluations.

For example, in response to the Russia invasion of Ukraine, the United States and other nations have imposed significant sanctions on Russia and certain related companies and individuals, including restricting use by sanctioned persons of certain money transfer systems. The conflict has also disrupted the global supply chain and adversely impacted pricing for a variety of commodities and products, including oil and petroleum.

As economies, systems and markets are increasingly connected, the impacts and effects of social, economic and political changes, escalating conflicts, supply chain interruptions and uncertainty on particular regions, sectors or industries, asset classes, companies or commodities and can spread to impact the global economy, representing a risk even for CLOs or obligors who are not directly exposed to the underlying event or condition. Although it is impossible to predict the precise nature and consequences of these (or similar) events, or of any political or policy decisions and regulatory changes occasioned by emerging events or uncertainty on applicable laws or regulations that

impact the CLO's investments, it is clear that these types of events, will impact clients and borrowers. The middle market companies that are borrowers on the loans in which clients invest could be particularly impacted by emerging events and uncertainty of this type and Clients will be negatively impacted if the value of their portfolio holdings decreases as a result of such events and the uncertainty they cause. There can be no assurance that emerging events will not cause a CLO to suffer a loss of any or all of its investments or interest thereon.

Additionally, CLOs will also be negatively affected if the operations and effectiveness of MidCap Financial Capital Management and its affiliates, obligors, borrowers or their key service providers are compromised or if necessary or beneficial systems and processes are disrupted as a result of an existing or emerging event.

Banking Sector Volatility. Recent bank failures, or near failures, and declines in the share prices of other U.S. and non-U.S. banks have resulted in certain banks being placed on "watch lists," suffering ratings downgrades and/or receiving emergency funding from governments. The impact of the banking sector's volatility on the financial system and broader economy could be significant. Continued volatility in the banking sector could cause or intensify an economic recession, make it more difficult for a Client and/or obligor to obtain or refinance indebtedness at all or on as favorable terms as could otherwise have been obtained, and/or have other material adverse effects on the Client and its obligors.

For certain Clients, a large percentage of the Client's assets are or could be held by a limited number of banks (or even a single bank). Failure of one or more banks used by a Client or its obligors were to fail could have a material adverse effect on the Client. Cash, securities or other assets held in deposit accounts or securities accounts at a failed institution could be temporarily inaccessible or permanently lost. In these cases, the FDIC would guarantee cash balances up to \$250,000 per bank but the accountholder would ordinarily be an unsecured creditor with respect to cash balances in excess of \$250,000 held at a single bank, and therefore might not ultimately recover any value in excess such amounts.

If a bank that provides a credit facilities, depositary services and/or other services to a Client fails, the Client could be unable to draw funds under such credit facilities and might not be able to obtain replacement credit facilities or applicable other services from other institutions with similar terms, which could cause the Client or obligor to be unable to, or limited in its ability to, obtain capital to fund any near-term obligations it has in respect of its investments or otherwise, or to do so in a cost-effective or timely manner. If the banks with which a Client's obligors have depositor or borrowing arrangements were to fail, there would be similar material adverse effects on such obligors and the Client. In most cases, MidCap Financial Capital Management has no meaningful role in selecting the banks used by obligors, and must rely on the obligor to select banking services with care. If one or more banks with whom an Agent Account, as described in Item 15, below, is maintained were to fail, the receipt and disbursement of funds by and from the Agent Account could be delayed or prevented, which could result in a default or other loss, and any deposits above the FDIC threshold could be lost.

Pay-to-Play Laws, Regulations and Policies. A number of U.S. states and municipal pension plans have adopted so-called "pay-to-play" laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and

entities seeking to do business with state entities, including those seeking investments by public retirement funds. The SEC has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation to a government client for two years after the adviser or certain of its executives, employees or agents makes a contribution to certain elected officials or candidates. If MidCap Financial Capital Management, any of its employees, affiliates or any service provider acting on their behalf fails to comply with such laws, regulations or policies, such non-compliance could have an adverse effect on Clients.

Possibility of Fraud and Other Misconduct of Personnel and Service Providers. Misconduct by personnel of MidCap Financial Capital Management, service providers to MidCap Financial Capital Management and/or Clients and/or their respective affiliates could cause significant losses to a Client. Examples of misconduct include entering into transactions without authorization, failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Client, improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Clients, and non-compliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities could result in reputational damage, litigation, business disruption and/or financial losses to such CLOs. MidCap Financial Capital Management has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that MidCap Financial Capital Management will be able to identify or prevent such misconduct.

Changes in Investment Focus. A Client will not necessarily be restricted in terms of the percentage of its capital that can be invested in an industry, geographic region or type of investment. While a Client's Governing Documents typically contain a description of the types of investments that other Clients have historically made and/or information about MidCap Financial Capital Management's expectations with respect to such Client, many factors could result in changes in emphasis in the construction of such Client's portfolio, including changes in market or economic conditions or regulation as they affect various industries and changes in the political or social situations in particular countries. There can be no assurance that the investment portfolio of any Client will resemble the portfolio of any other Client.

Possible Lack of Diversification. Each Client could concentrate its portfolio investments by investing all of its assets in only a few issuers, industries or countries. By investing in a limited number of portfolio investments, the aggregate returns realized by a Client could be substantially reduced if more than a small number of the Client's portfolio investments experience unfavorable performance.

Leverage. CLOs borrow and utilize various forms of leverage and expect to operate with a significant leverage ratio. Although leverage presents opportunities for increasing a CLO's total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the cost of the leverage, the total return of the leveraging CLO will decrease. Accordingly, any event which adversely affects the value of a portfolio investment would be magnified to the extent a CLO is leveraged. The cumulative effect of the use of leverage by CLOs in a market that moves adversely to such CLOs' investments or in the event portfolio investments experience credit quality deterioration could result in a substantial

loss to CLOs that could be substantially greater than if such CLOs were not leveraged. In addition, contractual demands by lenders to a CLO to reduce its leverage could force such CLO to sell investments on an emergency basis at prices less than those obtainable in a more orderly liquidation. To the extent that a creditor has a claim on a CLO, such claim would be senior to the rights of an investor in the CLO. As a result, if a CLO's losses were to exceed the amount of capital invested, an investor could lose its entire investment. Other types of Clients would be subject to similar risks to the extent they use leverage.

Financing Arrangements. Financing arrangements often include provisions that expose a Client to particular risks. For example, any cross-default provisions could magnify the effect of an individual default. If a cross-default provision were exercised, this could result in a substantial loss for the Client. Also, a Client's financing arrangements could include financial covenants that require the Client to maintain certain financial ratios. If the Client were to breach the financial covenants contained in any such financing arrangement, it might be required to repay such debt immediately, in whole or in part, together with any attendant costs, and the Client might be forced to sell some or substantially all of its assets to fund such costs. Certain Clients could also be required to reduce or suspend distributions in these circumstances. Such financial covenants would also limit the ability of MidCap Financial Capital Management to adopt a financial structure (*e.g.*, by reducing levels of borrowing) that it might have adopted in the absence of such covenants which could harm the Client.

Hedging Policies/Risks. In connection with certain investments, a Client can employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange rates. While such transactions can reduce certain risks, hedging transactions themselves entail other risks. The success of hedging transactions is subject to MidCap Financial Capital Management's ability to correctly predict movements in the direction of currency and interest rates, which are volatile and which MidCap Financial Capital Management cannot always predict. In addition, the success of hedging transactions is also subject to MidCap Financial Capital Management correctly identifying the need for hedging. Thus, while Clients can benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates could result in a poorer overall performance for Clients that enter into hedging transactions.

Uncertainty of Financial Projections. As part of its due diligence of a potential investment, MidCap Financial Capital Management typically makes certain financial projections with respect to securities of or loans to a company. Projected operating results normally will be based primarily on management judgments. In all cases, projections are only estimates of future results and are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be realized, and actual results will also vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections and the performance of any investment in such company.

Participation Interests. Certain Clients could occasionally purchase participation interests in debt instruments that do not entitle the holder thereof to direct rights against the obligor. Participations held by a Client in a selling institution's portion of a debt instrument typically result in a contractual relationship only with such selling institution, not with the obligor. Clients who

enter into a participation generally have the right to receive payments of principal, interest and any fees to which they are entitled only from the selling institution selling the participation and only upon receipt by such selling institution of such payments from the obligor (*i.e.*, which are non-recourse to the selling institution if the obligor fails to pay). In connection with purchasing participations, a Client generally will have no rights to enforce compliance by the obligor with the terms of the related loan agreement, and no rights of set-off against the obligor, and such Client might not benefit directly from the collateral supporting the debt instrument in which it has purchased the participation. As a result, Clients who enter into participations assume the credit risk of both the obligor and the selling institution. In the event of the insolvency of the selling institution, Clients could be treated as general creditors of the selling institution and, in such case, would not benefit from any set-off between such selling institution and the obligor. When a Client holds a participation in a debt instrument, the Client might not have the right to vote to waive enforcement of any restrictive covenant breached by an obligor. In addition, if a Client does not vote as requested by the selling institution, it could be required to resell the participation to the selling institution at par. Selling institutions voting in connection with a potential waiver of a restrictive covenant can have interests different from those of the Client, and such selling institutions are not required to consider the interests of the Client in connection with their votes.

Use of Expert Networks. In connection with the analysis of certain investment opportunities, MidCap Financial Capital Management or its service providers engage expert networks. MidCap Financial Capital Management or such service providers have implemented procedures to address the risk that use of expert networks could result in investment professionals receiving material nonpublic information. However, if such controls should fail and an investment professional were to obtain material nonpublic information, then MidCap Financial Capital Management could be restricted in acquiring or disposing of investments on behalf of a Client, which could adversely impact returns.

Cybersecurity Risk. The increasing reliance on internet-based programs and applications to conduct transactions and store data creates growing operational and security risks. Targeted cyber-attacks (including by foreign government or government-supported entities), or accidental events, can lead to a breach in computer and data systems security and subsequent unauthorized access to sensitive transactional and personal information. Data taken in breaches could be used by criminals in identity theft, obtaining loans or payments under false identities, and other crimes that could affect the value of assets in which Clients invest. Cybersecurity breaches at MidCap Financial Capital Management or its vendors and service providers can also lead to theft, data corruption, or overall disruption in operational systems. These threats could also indirectly affect Clients through cyber incidents with third party service providers or counterparties. These risks can disrupt the ability to engage in transactional business, cause direct financial loss and reputational damage, or lead to violations of applicable laws related to data and privacy protection and consumer protection. Cybersecurity risks also result in ongoing prevention and compliance costs.

Restrictions on Transactions Due to Other Businesses. From time to time, various potential and actual conflicts of interest can be expected to arise from the overall advisory, investment and other activities of ACM and its affiliates, Apollo Insurance Solutions Group LP (“AISG”) and its affiliates and/or MidCap Financial Capital Management and its affiliates (each a “Manager”). Each Manager will endeavor to resolve conflicts of interest with respect to investment

opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances. Each Manager can invest, on its own behalf, in securities and other instruments that would be appropriate for, held by, or fall within the investment guidelines of, a client of such Manager or a client of another Manager. A Manager can give advice, or take action, for its own account that differs from, conflicts with or is adverse to, advice given or action taken for its clients or clients of another Manager. These activities could adversely affect the prices and availability of other securities or instruments held by, or potentially considered for, one or more clients. Conflicts of interest also could arise when a Manager has investments in some clients but not in others or has differential interests in the various clients, such as where clients pay different levels of fees and incentive compensation to such Manager.

Each Manager, together with its clients, engages in a broad range of business activities and invests in portfolio companies whose operations could be substantially similar to, and/or competitive with, the portfolio companies in which clients have invested. The performance and operation of such competing businesses could conflict with, and adversely affect the performance and operation of, a client's portfolio companies, and the prices and availability of business opportunities or transactions available to such portfolio companies. Each Manager will seek to resolve conflicts in a manner that such Manager determines in its sole discretion to be fair and equitable to its clients.

In addition, a Manager can give advice, or take action with respect to, the investments of one or more clients that is not be given or taken with respect to other clients with similar investment programs, objectives or strategies. Accordingly, clients of a Manager with similar strategies will not necessarily hold the same securities or instruments or achieve the same performance. A Manager also could advise clients with conflicting investment objectives or strategies. These activities also could adversely affect the prices and availability of other securities or instruments held by, or potentially considered for, one or more clients.

A Manager can also have ongoing relationships with issuers whose securities have been acquired by, or are being considered for investment by, its clients or clients of the other Manager. From time to time a client could invest in a company in which one or more other clients of a Manager hold an investment in a different class of such company's debt or equity, or vice versa. For example, a Manager could acquire securities or other financial instruments of an issuer for one client which are senior or junior to securities or other financial instruments of the same issuer that are held by, or acquired for, another client of the Manager or a client of the other Manager (*e.g.*, a client acquires senior debt while another client acquires subordinated debt). Conflicts of interest can arise under such circumstances. For example, in the event such issuer enters bankruptcy, if the clients holding securities which are senior in bankruptcy preference have the right to aggressively pursue the issuer's assets to fully satisfy the issuer's indebtedness to such client, a Manager might have an obligation to pursue such remedy on behalf of such client. As a result, another client of such Manager or a client of the other Manager holding assets of the same issuer which are more junior in the capital structure might not have access to sufficient assets of the issuer to completely satisfy its bankruptcy claim against the issuer and suffer a loss. In such circumstances, a Manager will, to the fullest extent permitted by its fiduciary duties and applicable law, take steps to mitigate, or reduce the potential for, conflicts between the interests of each of its applicable clients, including causing one or more of such clients to take certain actions that, in the absence of such conflict, it would not take (*e.g.*, a client might remain passive in a situation in which it is entitled to vote, might divest itself of an asset it might otherwise have held on to, might

refer any such matter to a third party unaffiliated with the Manager or might invest in a particular asset or class of securities that seeks to align its interests with those of other clients). Any such step could have the effect of benefiting other clients or the Manager at the expense of a particular client. In addition, clients of MidCap Financial Capital Management will not be clients of ACM or its affiliates. ACM's duty in those cases is to its clients and, as a result, ACM's actions in such a scenario could be detrimental to a client of MidCap Financial Capital Management.

Each Manager has instituted policies and procedures that are reasonably designed to address such potential conflicts of interest among its clients and that seek to ensure that its clients are treated fairly and equitably. The application by a Manager of such policies and procedures is expected to vary based on the particular facts and circumstances surrounding each investment by two or more clients in different classes, series or tranches of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure), and, as such, investors should expect some degree of variation, and potentially inconsistency, in the manner in which conflicts of interest are addressed by the applicable Manager. While a Manager's policies and procedures for addressing the conflicts between clients in these situations are intended to resolve the conflicts in an impartial manner, there can be no assurance that such Manager's own interests will not influence its conduct. Further, any policies and procedures implemented by ACM or its affiliates will not be designed to prevent conflicts with clients of MidCap Financial Capital Management.

A Client can engage in trades and investments with clients of ACM or with accounts of, or managed by, Apollo or its other affiliates (collectively, the "Apollo Accounts"), or a portfolio company of an Apollo Account, and can acquire securities from, or sell or otherwise dispose of securities to, any such person. No Apollo Account, or any of their respective portfolio companies will be prohibited from acquiring, or otherwise engaging in transactions with respect to securities or other assets of any person (including an intermediate entity or SPV) in which a Client has a financial interest (whether in the same or a different class of securities or other assets) or selling, divesting, making further acquisitions or otherwise engaging in transactions with respect to securities or other assets of such person, including following a co-investment. A Client will generally not be prohibited from acquiring, or otherwise engaging in transactions with respect to, securities or other assets of any person (including an SPV) in which an Apollo Account, or any of its portfolio companies has a financial interest (whether in the same or a different class of securities or other assets) or selling, divesting, making further acquisitions or otherwise engaging in transactions with respect to securities or other assets of such person, including following a co-investment. Without limiting the generality of the foregoing, an Apollo Account or any of its portfolio companies could originate or otherwise participate in a variety of direct lending opportunities (including bridge loans, secured first and second lien loans, convertible notes, mezzanine loans, debtor-in-possession financings and structured letters of credit), and can structure any such investments so that they can be sold in the secondary market, including to a Client. In addition, when Apollo Accounts invest in the senior, subordinated and/or equity securities of collateralized leveraged loan or debt obligations and similar structured vehicles sponsored by MidCap Financial Capital Management, ACM or its affiliates could take actions detrimental to Clients of MidCap Financial Capital Management. A Client could also purchase downgraded assets from an Apollo Account or any of its portfolio companies. As described elsewhere herein, similar trades and investments can occur between Clients and members of the MidCap Group.

Subdivision of Debt Obligations. Apollo Accounts and MidCap Financial Capital Management and its Clients could, from time to time, subdivide a debt obligation into two or more tranches, each of which has different terms from the original obligation with respect to interest and principal repayment, seniority and subordination, default remedies, rights to collateral and other matters. The owner of the original obligation, which could have been acquired directly from a borrower in a negotiated transaction or in the secondary market, can retain an interest in one or more tranches and can dispose of any such interests, including in related party transactions between one or more clients of MidCap Financial Capital Management or between clients of MidCap Financial Capital Management and Apollo Accounts. The subdivision or “tranching” of debt obligations typically will be undertaken when the applicable Manager determines that doing so could achieve competitive advantages or other benefits. For example, a borrower might prefer a lender that is prepared to negotiate a single consolidated credit arrangement, instead of having to negotiate senior and subordinated loans, and/or secured and unsecured loans with multiple lenders. Tranching can also facilitate access to debt obligations or other securities having specific features that suit the differing risk and return parameters of different Apollo Accounts on a more customized basis than is available in the market at a particular time. Participation by a Client in tranches of these debt obligations will give rise to a variety of potential conflicts of interest with Apollo Accounts and/or other Clients. These potential conflicts include the following:

Terms of Tranches. The terms of the tranches, including pricing terms and other terms, including inter-creditor rights and obligations between or among the holders of the different tranches, typically will not be the result of any arms’ length negotiations. The applicable Manager will endeavor to ascertain and adhere to prevailing market practices at the time that the terms of the tranches are established. However, for any particular terms, there can be no assurance that a prevailing market practice exists or can be readily ascertained or that it will be adopted if there are circumstances that cause the applicable Manager to conclude that it is not appropriate in a particular case.

Exercise of Rights and Remedies. Once different tranches have been allocated among the clients of the applicable Manager, a variety of situations could arise in which the holders of a particular tranche will have the opportunity to enforce rights or remedies relating to the borrower, or to vote on or consent to waivers, amendments or other changes. In general, if the relevant documents give holders of one tranche a right to take action, each Manager expects that under most circumstances, it will take such action in the manner that it believes to be in the best interests of such holders, without regard to the consequences for holders of other tranches. A decision on any of these matters on behalf of holders of one tranche could have an adverse effect on the expected return for holders of other tranches. In these circumstances, the applicable Manager might consider whether there are alternative measures that could fairly and appropriately reconcile the competing interests of its clients, but there can be no assurance that such alternative measures will be available. As a result, the applicable Manager could be required to take, or not take, an action that will place the interests of one client ahead of those of other clients. Alternatively, if a particular client of a Manager is the owner of a tranche in which unaffiliated investors also own a material interest, in order to mitigate conflict with other clients holding interests in a different tranche, the applicable

Manager can elect to take a passive approach in which it allows the unaffiliated holders to guide the action to be taken or not taken. These conflicts could adversely impact the Clients and the tranches held by Clients to the extent that they own interests in tranches also owned by Apollo Accounts or other Clients. Further, ACM and its affiliates have no obligation to consider the interests of the Clients.

Bankruptcy and Other Distress Situations: When a debtor with different classes of outstanding debt becomes bankrupt or experiences severe financial distress, a resolution of the situation often requires adversarial judicial proceedings or contentious negotiations. If this were to occur with respect to a debtor for which clients of the Managers hold different tranches of debt or other securities, it generally would not be feasible for a Manager to advocate effectively for the interests of all of its clients to the extent that there are conflicting or competing interests among holders of different tranches. As a threshold matter, each Manager expects that in a bankruptcy or other distressed situation, it could arrange for separate legal counsel to be engaged on behalf of each separate tranche in order to analyze and identify the available rights, remedies, potential claims and legal strategies for seeking to maximize the recovery potentially available to the tranche, unless the outcome for a particular tranche is clear and certain. It is anticipated that, where feasible, an effort will be made to fashion a compromise solution among clients of the applicable Manager. Any such effort to reach a compromise solution could result in clients of the Managers experiencing a worse outcome than they might have achieved in the absence of these conflicting loyalties. In certain circumstances, a Manager might seek to mitigate the conflict by delegating certain decision-making responsibilities on behalf of its clients to unaffiliated third parties, or by seeking to dispose in whole or in part of one or more tranches. Alternatively, a Manager can seek to accommodate the competing interests of its clients by assigning different teams of investment professionals, supported by separate legal counsel and other advisers, to act independently of each other in representing different tranches. There can be no assurance that any of these measures will be feasible or effective in any particular situation, and it is possible that the outcome for a client, will be less favorable than might otherwise have been the case if the applicable Manager had not had duties to clients holding other tranches.

While MidCap Financial Capital Management anticipates that, over time, the overall benefits of permitting multiple Clients to participate in different tranches will outweigh the potential disadvantages in particular circumstances, there is no way to predict whether these net benefits will ultimately be achieved. Moreover, it is possible that the interests of a Manager will have an influence on how conflicts between clients in these situations will be resolved. For example, MidCap Financial Capital Management or ACM has an incentive to favor the interests of clients that invest primarily in more subordinated classes of debt, to the extent that compensation from such a client is higher than the compensation earned from clients that invest primarily in more senior debt. While the applicable Manager's policies and procedures for addressing the conflicts between its clients in these situations are intended to resolve the conflicts in an impartial manner, there can be no assurance that such interests will not influence its conduct. Finally, the Clients will not be clients of ACM, ACM will have no fiduciary duty to the Clients and ACM could intentionally take actions that harm a Client in circumstances similar to those described above.

ITEM 9
Disciplinary Information

Not Applicable.

ITEM 10
Other Financial Industry Activities and Affiliations

MidCap Financial Capital Management maintains various important relationships with other members of the MidCap Group, including sharing certain employees. As discussed above in Item 5, MidCap Financial Services and MidCap Ireland provide various services to MidCap Financial Capital Management.

The MidCap Group and certain entities that are connected with MidCap Financial Capital Management through advisory service arrangements involving the MidCap Group (including ACM as investment adviser to the MidCap Group), and their respective partners, directors, officers, employees and agents provide investment management services to, and have voting control over, investment funds (including the MidCap Group) and could, in the future, carry on investment activities for other clients, including other investment funds, collateralized loan obligations, collateralized loan obligation warehouses, client accounts and proprietary accounts in which MidCap Financial Capital Management will have no interest and whose respective investment programs can, but will not necessarily, be substantially similar. Further, conflicts of interest can arise from the fact that some of MidCap Financial Capital Management's personnel will be shared with MidCap Financial Services and/or MidCap Ireland and be involved in the management of other aspects of the MidCap Group's operations. Participation in specific investment opportunities could be appropriate at times for both MidCap Financial Capital Management's Clients and Apollo Accounts. The investment program of the MidCap Group and the Apollo Accounts allow investments in CLOs and other instruments in which MidCap Financial Capital Management's Clients can invest. In light of the various relationships between MidCap Financial Capital Management and the MidCap Group, MidCap Financial Capital Management has an incentive to pursue investment opportunities in a way that is favorable to the MidCap Group. Additionally, ACM's services to the MidCap Group, which will effectively limit the available investment universe for Clients, are rendered in the best interest of the MidCap Group and without regard to the interests of MidCap Financial Capital Management's Clients, which could reduce the number and quality of available investments. MidCap Financial Capital Management's allocation practices will take the available investment and offer it to Clients in accordance with its policies, as described in Item 6 above.

The MidCap Group can invest in transactions as principal with respect to loans and securities or other investments that are purchased, sold or held by clients of MidCap Financial Capital Management. Any such affiliate transactions will be undertaken in accordance with applicable provisions of the Advisers Act.

Members of the MidCap Group, as well as the Apollo Accounts, and Clients invest in debt obligations that are part of a capital structure that includes both senior and subordinated indebtedness or debt obligation. In certain circumstances, the MidCap Group will invest in the senior debt obligations and Clients will invest in subordinated debt obligations. If the obligor of

such debt obligations were to become bankrupt or experience severe financial distress, a resolution of the situation could (and often does) require adversarial judicial proceedings or contentious negotiations. If this were to occur with respect to a debtor or debt obligation for which the MidCap Group and Clients hold senior and subordinated indebtedness, members of the MidCap Group and the Clients could have competing or conflicting interests. Any such competing or conflicting interests could result in Clients experiencing a worse outcome than they might have achieved in the absence of such conflicts. Moreover, the MidCap Group has no obligation to consider the interests of Clients and could intentionally take action that would result in a detriment to Clients.

Where Clients hold senior debt obligations and the MidCap Group holds subordinated obligations, the Client, as holder of the senior obligation, similarly could intentionally take action that would result in a detriment to the MidCap Group. Alternatively, the Clients could be subject to intercreditor arrangements where the holders of the junior debt obligations, including members of the MidCap Group, have certain controlling or protective rights. The existence of such competing interests could adversely impact the ability of Clients to effectuate remedies in their capacity as the owner of such senior debt obligations and otherwise experiencing a worse outcome than they might have achieved in the absence of such conflicts.

Apollo Capital Management, L.P. As discussed in Item 4, ACM has entered into an investment management agreement pursuant to which ACM acts as the investment manager of the credit business of FinCo's and its subsidiaries' (other than their servicing activities with respect to loan and other credit investments and certain of their investment advisory activities). Investment opportunities sourced for FinCo and its subsidiaries could be appropriate for ACM's clients, and therefore, personnel from FinCo and ACM communicate from time to time about such investment opportunities. Because FinCo's and its subsidiaries' business consists predominately of its credit business for which ACM is the investment manager, FinCo and its subsidiaries are subject to Apollo's policies and procedures, including, among others, those addressing confidential and MNPI, that are designed to monitor and address these potential conflicts.

The relationships between MidCap Financial Capital Management, FinCo and its subsidiaries and ACM create conflicts of interest among their clients, including conflicts arising from the allocation of investment opportunities, as MidCap Financial Capital Management and ACM will act as collateral managers for their respective clients. ACM and MidCap Financial Capital Management have instituted policies and procedures that are intended to, among other things, address the allocation of a transaction within their respective groups and clients. Each party has its own policies in place to mitigate the potential for conflicting interests. Please refer to Item 6 for more detail on the allocation procedures in place under "*Allocation of Investment Opportunities*".

MidCap Financial Capital Management also contracts with ACM for the provision of administrative and back-office services associated with its asset management business, including certain compliance services. These services are provided to MidCap Financial Capital Management by ACM under agreements between ACM and MidCap Financial Capital Management.

Additionally, entities advised by or otherwise connected with Apollo have non-controlling economic interests in MidCap Group.

Redding Ridge Asset Management LLC

Redding Ridge Asset Management LLC (“Redding Ridge Asset Management”) is a Delaware series limited liability company and a registered investment adviser. Redding Ridge Asset Management is wholly owned by Redding Ridge Holdings LP, a Cayman Islands exempted limited partnership, an indirect subsidiary of AGI.

Redding Ridge Asset Management currently provides investment advisory services on a discretionary basis to its clients, which include certain collateralized loan obligations and certain warehouse vehicles in which MidCap Financial Capital Management will have no interest and whose respective investment programs can, but will not necessarily, be similar to those of clients of MidCap Financial Capital Management.

MidCap Financial Capital Management contracts with Redding Ridge Asset Management for certain advisory services from Redding Ridge related to the modeling and other technical aspects of CLO transactions. Any fees or other costs associated with such services are borne by the relevant CLO(s), which would increase the expenses of each relevant CLO. The relationship between MidCap Financial Capital Management and Redding Ridge Asset Management is not otherwise expected to create conflicts as the investment opportunities offered to the MidCap Financial Capital Management Client’s are not expected to overlap with Redding Ridge Asset Management investment opportunities.

ITEM 11

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

MidCap Financial Capital Management is subject to a Code of Ethics (the “Code”) consistent with Rule 204A-1 under the Advisers Act. The Code applies to all partners, principals, directors, officers, employees and supervised persons of MidCap Financial Capital Management (each a “Covered Person”). MidCap Financial Capital Management strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. Accordingly, the Code incorporates the following general principles that all Covered Persons are expected to uphold:

- (i) Covered Persons must at all times place the interests of clients first;
- (ii) all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of a Covered Person’s position of trust and responsibility must be avoided;
- (iii) Covered Persons must not take inappropriate advantage of their positions;
- (iv) information concerning the identity of securities and financial circumstances of the Clients, including investors in Clients, must be kept confidential; and
- (v) independence in the investment decision-making process must be maintained at all times. Finally, Covered Persons are required to comply with applicable federal securities laws at all times.

The Code is shared with ACM and other Apollo entities and, pursuant to an agreement with ACM, Apollo's Compliance Department ("Apollo Compliance") provides certain support services to MidCap Financial Capital Management in the administration of the Code.

Personal Trading Restrictions

The Code requires that Covered Persons' personal investment activities comply with all applicable laws and regulations. In addition, Covered Persons are required to obtain prior approval for all securities transactions (including, but not limited to, investments in private placements and limited offerings) other than those involving: government and municipal securities; certain exchange-traded funds and closed-end funds; certain mutual funds (i.e., open-ended investment companies); variable annuities; commodities; and transactions in fully managed accounts. Covered Persons are prohibited from purchasing individual securities, securities in initial public offerings (except for those of SPACs or real estate investment trusts, which could be permitted subject to pre-approval by Apollo Compliance) and initial coin offerings, short sales and purchases of options on equity securities.

The Code provides that approval will not be granted for securities of companies on the restricted list which is comprised of Apollo's restricted list, Apollo's holdings list, AISG's holdings list, MidCap Group's holdings list or the deal pipeline. Further, the Code provides that approval will not be granted for the purchase of securities of companies with a market capitalization on the date of the trade request between \$100 million and \$10 billion.

Notwithstanding the foregoing, such policies could be changed from time to time and exceptions may be granted based on a case-by-case basis based on as ACM and/or Apollo Compliance deems appropriate under the circumstances, in its sole discretion.

Personal Securities Holdings and Transaction Reports

Covered Persons are required to disclose to Apollo Compliance all accounts (each an "Employee Related Account") meeting the following criteria:

- All accounts in the name of (i) the Covered Person, (ii) the Covered Person's spouse, (iii) any member of the Covered Person's immediate family to whose support the Covered Person significantly contributes, which may include the Covered Person's spouse, children, stepchildren, grandchildren, parents, grandparents, stepparents, siblings, persons with whom the Covered Person has an adoptive or in-law relationship, or (iv) any other person to whose support a Covered Person significantly contributes (collectively, "Relevant Persons");
- All accounts in which any Relevant Person has a direct or indirect beneficial ownership interest, including all accounts in the name of the Covered Person's spouse; and
- All other accounts over which any Relevant Person exercises any investment control or discretion.

Covered Persons must notify Compliance of the opening of any new Employee Related Account prior to funding the account and of the closing of any previously disclosed Employee Related Account. All Covered Persons who work in the US and maintain discretionary brokerage accounts must maintain such accounts at a brokerage firm on an approved broker list that provides duplicate statements to be reviewed by Compliance electronically.

Subject to limited exceptions, each Covered Person must periodically submit to Apollo Compliance, or electronically through Apollo's personal trading system, a report of the holdings and transactions in Employee Related Accounts.

The holdings report must contain, at a minimum: (i) the title and type of security and, as applicable, the exchange ticker symbol or CUSIP number, number of shares and principal amount of each reportable security in which each Relevant Person has any direct or indirect beneficial ownership; (ii) the name of any broker, dealer or bank with which each Relevant Person maintains an account in which any securities are held for the Relevant Person's direct or indirect benefit; (iii) if securities are held other than with a broker, dealer or bank, the location of the securities; and (iv) the date that the Covered Person submits the report to Apollo Compliance.

The transaction reports must contain, at a minimum: (i) the date of the transaction, the title and, as applicable, the exchange ticker symbol or CUSIP number, the interest rate and maturity date, the number of shares and the principal amount of each reportable security involved; (ii) the nature of the transaction (i.e., purchase, sale or any other type of acquisition or disposition); (iii) the price of the security at which the transaction was effected; (iv) the name of the broker, dealer, bank or other financial institution with or through which the transaction was effected; (v) if not executed through a broker, dealer or bank or other financial institution, the location of the securities and a description of how the transaction was effected; and (vi) the date that the Covered Person submits the report to Apollo Compliance.

For non-US employees, submission to Apollo Compliance of a duplicate copy of the most recent periodic financial institution statements of the Relevant Persons will be sufficient to fulfill the holdings and transactions report requirement if such statements include all required information for all securities.

The Code requires each Covered Person to certify, on at least an annual basis, that all changes in the Covered Person's Employee Related Accounts have been reported to Compliance or that there have been no changes.

Material, Non-Public Information

The Code includes policies and procedures that are reasonably designed to prevent the misuse of material, non-public information by MidCap Financial Capital Management and its Covered Persons (the "Insider Trading Policies"). Covered Persons are required to certify to their compliance with the Code, including the Insider Trading Policies annually. The Insider Trading Policies prohibit MidCap Financial Capital Management and Covered Persons from trading on behalf of the CLOs, trading for their own behalf, or recommending or trading on behalf of another person, securities of a company while in possession of material, non-public information ("Inside

Information”) about the company, and from disclosing such information to any person not entitled to receive it.

By reason of their activities, MidCap Financial Capital Management or its Covered Persons could obtain Inside Information and, as a result, be restricted from effecting transactions for themselves or for a Client in certain investments that might otherwise have been initiated. For example, MidCap Financial Capital Management or its personnel might receive Inside Information due to their various activities, which could result in either limited liquidity or in MidCap Financial Capital Management or its personnel being prohibited from using such information for the benefit of the Client. By way of another example, MidCap Financial Capital Management’s (or MidCap Group’s) investment professionals must obtain approval from the Chief Compliance Officer or Apollo Compliance prior to engaging any expert network and must send affirmations indicating that they did not receive material nonpublic information and that the expert did not breach any duty of confidentiality. MidCap Financial Capital Management seeks to minimize those cases whenever possible, consistent with applicable law and the Insider Trading Policies, but there can be no assurance that such efforts will be successful and that such restrictions will not occur. These restrictions could adversely impact a Client.

Other Provisions of the Code

Covered Persons are subject to additional standards of conduct relating to the use of funds and property, conflicts of interest and opportunities belonging to clients, managing investments of related parties and general standards of conduct including the conduct expected when dealing with clients and the investors in clients. Violations of the Code are subject to the imposition of sanctions, up to and including termination.

A copy of the Code will be provided to any current or prospective client or investor upon request.

Principal and Cross Transactions

Any principal or cross trade will be conducted in a manner that is consistent with applicable law, relevant fiduciary obligations, any requirements set forth in the participating parties’ Governing Documents and each participating client’s investment objectives. Pricing for such trades will be determined in accordance with applicable policies and procedures that are reasonably designed to produce a price that is fair and appropriate.

MidCap Financial Capital Management and the MidCap Group expect that a significant portion of the CLOs’ and CLO Warehouses’ assets will be acquired from (and a portion of assets will be sold to) members of the MidCap Group, and other types of Clients could similarly acquire assets from or dispose of assets to members of the MidCap Group. In most cases these will be “principal transactions” for purposes of the Advisers Act. In accordance with the anti-fraud provisions of the Advisers Act, relevant Governing Documents and MidCap Financial Capital Management’s internal compliance policies and procedures, MidCap Financial Capital Management provides appropriate disclosure of such transactions to, and obtains the prior informed consent of, the Client (generally through its Independent Review Party (“IRP”), as described in Item 4, above) before completing such transactions. The MidCap Financial Capital Management Chief Compliance Officer or General Counsel are notified of each acquisition and the IRP consent obtained for each

transaction. Each investment opportunity that is offered to a Client is independently reviewed and analyzed by the dedicated investment professional who will examine the factors set forth in Item 8 herein to determine if the investment is an appropriate investment for the Client. In addition, such transactions are only permitted to be effected to the extent the asset to be transferred to a CLO or CLO Warehouse managed by MidCap Financial Capital Management remains an “eligible loan” that is not in default and is permitted by the indenture or Governing Documents of the CLO or CLO Warehouse to be acquired and held by such CLO or CLO Warehouse.

MidCap Financial Capital Management can also cause Clients to enter into cross-transactions whereby one Client of MidCap Financial Capital Management sells assets to another client of MidCap Financial Capital Management, although MidCap Financial Capital Management expects cross-transactions to occur infrequently. Whenever MidCap Financial Capital Management intends to have two or more Clients enter into a cross trade, the transaction will be submitted to the IRP for review and consent. The MidCap Financial Capital Management Chief Compliance Officer or General Counsel are notified of each acquisition and the IRP consent obtained for each transaction. When reviewing or considering such transactions, MidCap Financial Capital Management’s legal and compliance department seeks to assess whether the cross trade is fair and equitable to each Client and to identify any material conflicts of interest. MidCap Financial Capital Management generally effects these transactions without the use of third-party brokers, although such transactions will be priced based on the then-current market prices (to the extent available) and consistent with the valuation procedures established by MidCap Financial Capital Management. The credit rationale for, and any assessment, pricing and consent information with respect to, each relevant investment or transaction is memorialized in minutes maintained by MidCap Financial Capital Management. Cross trades involving loans are executed at fair market value, as determined by MidCap Financial Capital Management in accordance with its relevant policies and procedures. Any cross trade will be consistent with applicable law, MidCap Financial Capital Management’s fiduciary obligations to act in the best interests of its clients, contractual and Governing Document requirements for each participating client and the clients’ investment objectives.

To the extent that any transaction described above is viewed as a principal transaction due to MidCap Financial Capital Management’s or its affiliates’ ownership interest structure or affiliates’ ownership interest in a particular Client (or as an “agency cross trade”) within the meaning of Section 206(3) of the Advisers Act, MidCap Financial Capital Management will either not effect such transaction or will effect it in a manner that complies with the requirements of Section 206(3) of the Advisers Act, MidCap Financial Capital Management’s internal policies and procedures and each participating Client’s Governing Documents. Specifically, in addition to the client consent requirement discussed above, MidCap Financial Capital Management’s investment professionals include information about the trade in meeting minutes which can be reviewed by the Chief Compliance Officer or designee. When reviewing such trades, the Chief Compliance Officer or designee seeks to confirm, among other things: (i) that such trade is allowed by the applicable client’s investment guidelines; (ii) that MidCap Financial Capital Management’s valuation procedures were followed when pricing the transaction, including obtaining a third-party valuation when appropriate; and (iii) in the case of principal trades involving a Client, that notice of the specific trade was provided to the Client and written consent from the Client or such Client’s IRP was obtained prior to completing a principal transaction.

Because most of the assets in which Clients invest are not publicly traded, the value of such assets can be difficult to determine, and this difficulty can be exacerbated when markets are unusual, volatile or dislocated. MidCap Financial Capital Management seeks to value such assets in good faith and in accordance with its valuation policy. Such good faith valuations require the application of a significant amount of judgment, are inherently uncertain, will fluctuate and are often based on estimates and assumptions. MidCap Financial Capital Management's determination of the fair value of an asset could ultimately differ materially from the values that would have been applied if an active market for the asset existed and from the price at which such asset is ultimately sold (if relevant). Differences in fair value and actual sale value can adversely impact clients. Depending on a variety of factors, including compensation arrangements, MidCap Financial Capital Management will face conflicts of interest in making judgments as to valuation to the extent that a relatively higher or lower assigned valuation would benefit MidCap Financial Capital Management.

Financial Interest of MidCap Financial Capital Management and its Affiliates in the CLOs

MidCap Financial Capital Management and its affiliates invest in the CLOs. MidCap Financial Capital Management, one of its affiliates or another "sponsor" generally intends to hold an interest in the securities of each of the CLOs it manages sufficient to satisfy the United States and European Union risk retention requirements promulgated under the Risk Retention Rules, in each case, to the extent such requirements apply to such CLOs. MidCap Financial Capital Management's or its affiliate's purchase of such securities in the CLOs it manages will often give MidCap Financial Capital Management or its affiliates majority control positions in the equity securities of these CLOs. Any such control position or investment in these equity securities can give MidCap Financial Capital Management an incentive to take actions that conflict with the interests of the holders of the CLO's debt securities. Particularly, MidCap Financial Capital Management and its affiliates could have voting rights, including control rights, with respect to matters as to which the holders of securities are entitled to vote, including, without limitation, any vote to direct a redemption or refinancing and any vote to accelerate or not to accelerate the payment of certain CLO securities. In addition, MidCap Financial Capital Management, any of its affiliates and any CLO managed or advised by MidCap Financial Capital Management or its affiliates could at any time acquire CLO securities in any other CLO, and MidCap Financial Capital Management could own a higher percentage of CLO securities in one CLO versus another CLO advised by MidCap Financial Capital Management. MidCap Financial Capital Management and any such person acquiring such securities will act in their own interests with respect to such securities and even if such interests conflict with or are adverse to the interests of other holders of securities in such CLOs. MidCap Financial Capital Management will not take into account its ownership interest in any CLO when making allocation decisions for any particular investment. See Item 6, "Performance-Based Fees and Side-By-Side Management."

ITEM 12 Brokerage Practices

MidCap Financial Capital Management seeks "best execution" for client transactions. Best execution generally refers to the execution of portfolio transactions in such a manner that total cost or proceeds in each transaction is the most favorable under the circumstances. The SEC defines best execution to include "qualitative considerations," not merely the lowest possible execution

cost. In most cases, transactions undertaken on behalf of clients are private transactions not involving a broker, dealer or other intermediary (“Intermediary”); however, on occasion investments can be acquired or disposed of through an Intermediary when MidCap Financial Capital Management believes that doing so is consistent with our duty to seek best execution.

When engaging an Intermediary in connection with client transaction, MidCap Financial Capital Management considers various factors, including, but not limited to:

- Execution capability;
- Transaction charges such as spreads;
- Financial responsibility and responsiveness in selecting brokers;
- Access to particular markets or instruments;
- Overall costs of a transaction (*i.e.*, net price paid or received) including commissions, mark-ups, mark-downs or spreads and other current transaction costs;
- Reputation, financial strength and stability;
- Quality of execution (including accurate and timely execution, settlement, clearance and dispute resolution);
- Willingness to execute difficult transactions; and
- Market intelligence regarding trading activity.

In addition to the general factors considered as listed above, there are several additional factors and circumstances that MidCap Financial Capital Management considers when selecting an Intermediary in the leveraged loan market, including:

- *Relevant Market Place.* The senior secured loan market, and to a lesser extent the high-yield bond market, is not traded on an exchange where current asset prices are readily available. Further, the senior secured loan market is a private market in which the level of information known by dealers and various investors ranges significantly. MidCap Financial Capital Management values solid relationships with, and information flow from, a variety of Intermediaries.
- *Liquidity.* Certain investments are highly illiquid, whereby very few Intermediaries are able to make a market in the security or instrument. Further, an Intermediary might be one-sided (only has an offer or a bid) for a particular position.
- *Assignment Fees.* In some cases, the transfer of a senior secured loan entails the payment of an assignment fee to the administrative agent or Intermediary. Depending on the size of the trade and the number of funds the asset will be allocated to/from, these fees can be significant.
- *Trade Limitations.* Several factors can preclude the ratable allocation of a trade of a senior secured bank loan among several funds, including minimum hold levels.
- *Agent Bank Considerations.* In addition to the possibility of eliminating assignment fees, there are other potential benefits (or disadvantages) to trading with (or away from)

the administrative agent or Intermediary. All trades are disclosed to the trading desk of the Intermediary and allocations of primary transactions are generally favored to those accounts which provide high and consistent trading volume with the administrative agent. Further, the Intermediary typically is the most knowledgeable dealer regarding the trading of an asset, understands who the buyers and sellers are and can provide the “early look” when a certain asset is trading;

- *Idea Generation.* When trading in dealer markets, MidCap Financial Capital Management values the insight and research of its Intermediaries. To the extent an Intermediary provides valuable trade information or insight into a credit, MidCap Financial Capital Management might prefer to execute the trade with that Intermediary, provided the price is within its understanding of market levels; and
- *Complexity of the Asset or Transaction.* Transactions in senior secured bank loan assets, in particular, can be very complex, requiring an understanding of trading levels and features of numerous tranches and structural differences among the financial instruments of a particular issuer. It is important to transact with Intermediaries that understand these factors.

MidCap Financial Capital Management and its service providers do not currently (although they could in the future) make use of soft dollar arrangements, including commission sharing arrangements where brokerage business is promised, or credits from brokerage transactions are earned and used, in exchange for proprietary or third-party services. Additionally, MidCap Financial Capital Management or a service provider will receive research, products and services in the ordinary course, without regard to any trading on behalf of MidCap Financial Capital Management’s Clients. These services are made available on an unsolicited basis, without regard to the rates of commissions charged or paid by MidCap Financial Capital Management’s Clients or the volume of business directed to such Intermediaries. To the extent that a Client’s brokerage commissions (or markups or markdowns) are used in this manner, MidCap Financial Capital Management or a service provider receives a benefit to the extent that it does not need to produce or pay for the research, brokerage products or other services received. MidCap Financial Capital Management or a service provider would have an incentive to select or recommend an Intermediary based on its interest in receiving research or brokerage products or other services, rather than on its clients’ interest in receiving the most favorable execution.

As of the date of this Brochure, MidCap Financial Capital Management has entered into an arrangement with an Intermediary in connection with certain investments in broadly syndicated loans and certain other assets and could enter into similar arrangements in the future with other Intermediaries and/or with respect to other types of investments. Under this arrangement, when an investment is acquired (or, where applicable, disposed of) through the Intermediary, the Client generally will pay a specified percentage of the total amount of the transaction to the Intermediary, although other arrangements could be negotiated in the future.

Order Aggregation

If MidCap Financial Capital Management determines that the purchase or sale of an asset is in the best interest of more than one client, MidCap Financial Capital Management is generally permitted, but not obligated, to aggregate orders. However, given the nature of the transactions

typically undertaken on behalf of clients, aggregation generally is not expected to impact transaction costs. Aggregated orders will be allocated among clients according to MidCap Financial Capital Management's allocation procedures, as described in Item 6.

ITEM 13

Review of Accounts

Client accounts will be reviewed on an ongoing basis by MidCap Financial Capital Management and on a periodic basis by the treasury and finance departments along with the investment professionals. Reviews will assess overall portfolio strategies, performance and compliance with the Client's Governing Documents. Primary responsibility for the execution of these roles resides with the finance department senior executives, under the supervision of the Chief Executive Officer.

MidCap Financial Capital Management or the trustee of each CLO provides investors with monthly and quarterly written reports as described in the indenture for each CLO. MidCap Financial Capital Management can also furnish reports to the trustees of the CLOs for which it provides investment advisory services. In certain cases, we could provide additional or different information, or more detailed or timely information, to different CLOs or to different investors in the same CLO or to provide an investor in a CLO with preferential information rights. Other than as required by agreement with an investor or by applicable law, we are not obligated to offer similar information or information rights to any investor by virtue of providing that information or information rights to other investors.

ITEM 14

Client Referrals and Other Compensation

In the ordinary course of business, MidCap Financial Capital Management or a related person can send corporate gifts or pay for meals and entertainment (such as attending cultural or sporting events) for individuals of firms that do business with MidCap Financial Capital Management or its affiliates. MidCap Financial Capital Management employees also can be the recipients of corporate gifts, meals and entertainment in connection with their employment. As discussed in Item 11, the giving and receipt of gifts and other benefits are subject to limitations under the Code.

MidCap Financial Capital Management or its affiliates pay fees to consultants for their advice and services, industry information or data, or conference attendance. Sometimes, these consultants assist in identifying prospective clients or investors.

ITEM 15

Custody

A related person of MidCap Financial Capital Management serves as the administrative agent ("Agent") for certain loans held by Clients, with funds related to such loans and attributable to Clients ("Client Funds" related to "Client Loans") commingled in an account established by the Agent for that purpose (the "Agent Account") with funds attributable to other lenders (including affiliates of MidCap Financial Capital Management) and/or related to other loans ("Other Funds" and "Other Loans"). The Agent Account is held with a bank in the Agent's name and holds only

cash and not loans. No account statements for the Agent Account are provided to MidCap Financial Capital Management Clients.

In its role as Agent, MidCap Financial Capital Management's affiliate performs a variety of traditional services pursuant to credit agreements in accordance with negotiated guidelines regarding the movement of cash into and out of the Agent Account for such purposes as collecting and distributing loan proceeds or payments). The Agent must apply the terms of the credit agreement in dealing with funds related to the loans and has no authority to determine how such funds are used, allocated or disbursed; however, other than the terms of the credit agreements, nothing prevents the Agent from withdrawing cash from the Agent account for unrelated purposes.

In light of SEC Staff guidance, MidCap Financial Capital Management considers itself to have custody over the Client Funds in the Agent Account for purposes of Rule 206(4)-2 under the Advisers Act.

Other than as described above, none of MidCap Financial Capital Management, the Agent or any other affiliate is expected to maintain physical custody of a Client's assets. Rather, such assets are held by the trustee or collateral administrator of each Client. As noted in Item 13, the trustee of each CLO provides investors in the CLO with periodic reports on the composition and performance of the CLO. Investors should carefully review these reports. Additionally, the CLO trustee receives from account custodians, other than the Agent Account custodian, account statements on a quarterly basis and reviews those statements in connection with the periodic reports described in Item 13.

Should MidCap Financial Capital Management in the future manage a private fund for which it or an affiliate acts as the general partner, managing member or in a similar capacity, or otherwise to have custody of the assets of client that is a pooled investment vehicle (e.g., a private fund), MidCap Financial Capital Management would be deemed to have custody with respect to the private fund and expects to engage independent public accountants to audit the financial statements of the private fund and distribute those audited financial statements to the limited partners or members of the private fund within 120 days of the private fund's fiscal year end and upon liquidation of the private fund.

ITEM 16

Investment Discretion

In some cases, MidCap Financial Capital Management provides advisory services on a non-discretionary basis; however, MidCap Financial Capital Management generally receives and exercises discretionary authority to manage investments on behalf of the Clients for which it provides investment advisory services through the Client's Governing Documents. MidCap Financial Capital Management is subject to any investment restrictions regarding the management of the assets of the Client (e.g., concentration limits, credit quality) set forth in such documents.

ITEM 17

Voting Client Securities

The Governing Documents of each Client govern the extent to which MidCap Financial Capital Management has authority to vote, without investor guidance, on modifications to terms and covenants of loans held by the Client. MidCap Financial Capital Management can have conflicts of interest in exercising voting authority where, for example, MidCap Financial Capital Management has a substantial business relationship with a company and the failure to vote in favor of company management could harm MidCap Financial Capital Management's relationship with company management. Conflicts also arise in the event a senior executive of a company and principal of MidCap Financial Capital Management or one of its affiliates have a significant personal relationship that could affect how the adviser would vote on a matter relating to the company.

Given the nature of the Clients' investments, it is not expected that MidCap Financial Capital Management will be called upon to vote any proxies. In the event MidCap Financial Capital Management is required to vote proxies on behalf of Clients, it will do so in a manner that is in the best interests of its Clients and in accordance with proxy voting policies that will be adopted. For example, if a MidCap Financial Capital Management representative sits on the board of directors of a company that is the subject of a proxy, the Chief Compliance Officer or designee will undertake a review prior to any vote by the proxy recipient to determine whether a material conflict of interest exists between MidCap Financial Capital Management and the interests of its client or between MidCap Financial Capital Management and the company shareholders. In the event that a material conflict of interest is identified, the Chief Compliance Officer or the MidCap Financial Capital Management investment manager or designee will take such steps as he or she deems necessary in order to determine how to vote the proxy in the best interests of the client, including, but not limited to, consulting with the legal department, outside counsel, a proxy consultant or the investment professionals responsible for the relevant portfolio investment. In each instance, when exercising its voting discretion, MidCap Financial Capital Management seeks to avoid any direct or indirect conflict of interest between its clients and its voting decision.

Clients can request from MidCap Financial Capital Management a copy of the proxy voting policies and procedures and a record of how proxies have been voted.

ITEM 18

Financial Information

Not Applicable.