

**INVESTMENT ADVISER BROCHURE
PART 2A OF FORM ADV**

MARANON CAPITAL, L.P.

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March 29, 2017

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Maranon Capital, L.P. If you have any questions about the contents of this Brochure, please contact Mike Parilla at (312) 646-1200. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

Maranon Capital, L.P. is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.

Additional information regarding Maranon Capital, L.P. is also available on the SEC’s website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

Since the last version of this Brochure dated March 30, 2016, the Brochure has been revised to reflect the addition of a new advisory client and to update the description of the business practices of Maranon Capital, L.P. and its affiliates.

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ADVISORY BUSINESS

Maranon Capital, L.P. (“Maranon Capital”) is a private investment management firm, including Maranon Capital, L.P., a management company and registered investment adviser, and other organizations affiliated with Maranon Capital (collectively, “Maranon”), that, as of December 31, 2016 managed approximately \$1,517.9 million in private fund and separately managed account assets. Maranon commenced operations in May 2007.

The following general partner entities are affiliated with Maranon (collectively with Maranon Capital, the “Advisers”).

- Maranon Mezzanine GP, L.P. (“Mezzanine GP I”);
- Maranon Mezzanine GP II, L.P. (“Mezzanine GP II”); and
- Maranon Senior Credit GP II, L.P. (“Senior GP II” and together with Mezzanine GP I and Mezzanine GP II, the “General Partners”).

Each General Partner is deemed registered and subject to the Advisers Act pursuant to Maranon Capital’s registration in accordance with SEC guidance. This Brochure describes the business practices of the Advisers, which operate as a single advisory business.

The Advisers provide investment advisory services to their clients, which consist of investment funds privately offered to qualified investors in the United States and elsewhere (such as existing and any hereafter formed funds managed by Maranon Capital or its affiliates, the “Funds”) and separately managed accounts (collectively with the Funds, the “Clients”). The Advisers’ current Fund clients are listed below.

The Mezzanine Funds

The Advisers manage the following Funds that make mezzanine investments and equity co-investments, predominantly in non-public companies (the “Mezzanine Funds”):

- Maranon Mezzanine Fund, L.P., a Delaware limited partnership (“Mezzanine Fund I”);
- Maranon Mezzanine Executive Fund, L.P., a Delaware limited partnership (“Executive Fund” and together with Mezzanine Fund I and any other parallel and alternative investment vehicles formed in connection therewith, “Fund I”);
- Maranon Mezzanine Fund II, L.P., a Delaware limited partnership (“Mezzanine Fund II”); and
- Maranon Mezzanine Offshore Fund II, L.P., a Cayman Islands exempted limited partnership (“Mezzanine Offshore Fund II” and together with Mezzanine Fund II and any other parallel and alternative investment vehicles formed in connection therewith, “Fund II”).

The Senior Credit Funds

The Advisers manage the following Funds that make senior first and second lien debt investments, predominantly in non-public companies (the “Senior Credit Funds”):

- Maranon Senior Credit Fund II-A, L.P., a Delaware limited partnership (“Senior Credit Fund II A”); and
- Maranon Senior Credit Fund II-B, L.P., a Delaware limited partnership (“Senior Credit Fund II B” and together with Senior Credit Fund II A, the “Senior Credit Fund II”).

Each General Partner serves as general partner to one or more Funds and has the authority to make investment decisions for the Funds to which it provides advisory services. Specifically, Mezzanine GP I is the general partner of Mezzanine Fund I and the Executive Fund, Mezzanine GP II is the general partner of Mezzanine Fund II and Mezzanine Offshore Fund II, and Senior GP II is the general partner of Senior Credit Fund II A and Senior Credit Fund II B. Pursuant to each Fund’s partnership agreement, the General Partners have delegated day-to-day advisory responsibilities for the Funds to Maranon Capital.

Pursuant to a collateral management agreement, Maranon Capital also serves as the collateral manager of Maranon Loan Funding 2015-1, Ltd. and of Maranon Loan Funding 2016-1, Ltd., each of which is an exempted company incorporated in the Cayman Islands with limited liability, and each of which is structured as a collateralized loan obligation fund (collectively, the “CLO Funds”, and together with the Senior Credit Funds, the “Senior Funds”).

Maranon Capital also provides advisory services to certain separate accounts (each, a “Separate Account”) pursuant to separately negotiated investment management agreements (each, and including the collateral management agreements of the CLO Funds, an “Investment Management Agreement”). Currently, pursuant to such agreements, Maranon Capital serves as the investment manager of Edison Place Senior Note LLC (the “Senior Note Vehicle”), and of Maranon Senior Credit IV, LLC and certain of its designated affiliates (collectively, the “Warehouse Facility”) and provides certain non-discretionary investment management services to a separately-managed account (the “Non-Discretionary Account”) designed to invest in certain senior debt related investment opportunities that, in Maranon Capital’s judgment, require additional capital beyond that available or prudent for allocation in the Funds or other separately managed accounts. The Senior Credit Funds, Senior Note Vehicle, Warehouse Facility, CLO Funds, Non-Discretionary Account and any future Funds and/or separately managed accounts that invest primarily in first and second senior lien debt investments may be referred to collectively as “Senior Products.”

In its capacity as the management company, Maranon Capital provides advisory services to each Fund, the Senior Note Vehicle, Warehouse Facility and the Non-Discretionary Account, including identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments, working with management teams of portfolio companies to execute growth strategies and achieving dispositions for such investments. When investing in portfolio companies, the senior principals or other personnel of

Maranon Capital or its affiliates may serve on such portfolio companies' respective boards of directors or otherwise act to influence the management of portfolio companies held until the Client exits the investment.

The Advisers' advisory services for each Fund are detailed in the applicable confidential private placement memorandum or other offering documents (each, a "Memorandum") and limited partnership or other operating agreements or governing documents (each a "Fund Agreement") and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in a Fund participate in the overall investment program for such Fund and do not generally exercise any control over the Fund's investment decisions. Investors in a Fund (other than the CLO Funds) may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Fund Agreement. Maranon Capital's investment management services for a Separate Account are set forth in the applicable Investment Management Agreement.

The Advisers have entered into, and may enter into additional, side letters or similar agreements ("Side Letters") with certain investors that have the effect of establishing rights under, altering or supplementing the terms of the relevant Fund Agreement, including informational rights, regulatory matters and variations in fees and carried interest, with respect to such investors.

Additionally, from time to time and as permitted by the relevant Fund Agreement, the Advisers expect to provide (or agree to provide) co-investment opportunities to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers and certain other persons associated with Maranon Capital and/or its affiliates. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Client making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from one or more Clients after such Clients have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer).

Maranon's principal owners are L. Thomas Gregory and Ian M. Larkin.

FEES AND COMPENSATION

In general, Maranon Capital receives a management fee (a "Management Fee") from its Clients and a Fund's general partner may receive a carried interest in connection with advisory services provided to the Client. The Advisers or their affiliates may also receive additional compensation in connection with management and other services performed for Client portfolio companies and such additional compensation may offset in whole or in part the management fees otherwise payable to Maranon Capital. Clients also bear certain expenses, as further described below.

The following is a summary of the fees paid by the Advisers' Clients. Investors should review the applicable Fund Agreement, Investment Management Agreement or (with respect to each CLO Fund) indenture and collateral management agreement for further details regarding the

fee structures summarized below. Terms not defined herein are defined in the applicable Fund Agreement, Investment Management Agreement, indenture or collateral management agreement.

Mezzanine Fund and Senior Credit Fund Fees

In general, each Fund pays management fees and may pay carried interest to the General Partner. The General Partner is permitted to exempt certain investors in the Funds, including any Maranon person and any other person designated by a General Partner, from payment of all or a portion of the applicable Management Fees and/or carried interest. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by Maranon Capital and/or its affiliates, through investments in a Fund which will then co-invest with a Fund or other arrangements. It is expected that any future Funds will have a similar fee structure.

Management Fees

Mezzanine Fund I initially paid Maranon Capital, quarterly in advance, a management fee (the "Management Fee") equal to 2.0% on an annual basis of aggregate investor capital commitments ("Commitments"). Effective October 1, 2013 upon the end of the original investment period, the Management Fee was reduced to an amount equal to 1.75% on an annual basis of invested capital as reduced by investments that have been disposed of or completely written-off. The Management Fee is payable until all portfolio investments are distributed or until Maranon Capital's relationship with Mezzanine Fund I is terminated for other reasons (as described in the Mezzanine Fund I Fund Agreement).

The Executive Fund, which was formed to coinvest with Mezzanine Fund I, subject to certain restrictions in their respective Fund Agreements, does not pay any Management Fees.

Fund II generally pays Maranon Capital, quarterly in advance, a Management Fee equal to 2.0% on an annual basis of Commitments. Upon the earlier to occur of (i) the date when all Fund II Commitments have been invested or otherwise used to pay expenses or (ii) the Investment Period expires, the Management Fee will be reduced to an amount equal to 1.75% on an annual basis of invested capital as reduced by investments that have been disposed of or completely written-off. The Management Fee is payable until all portfolio investments are distributed or until Maranon Capital's relationship with Fund II is terminated for other reasons (as described in the applicable Fund Agreements).

Senior Credit Fund II generally pays Maranon Capital, monthly in arrears, a management fee equal to 0.75% on an annual basis of its limited partners' average invested capital plus aggregate indebtedness incurred to acquire investments.

As set forth in the Fund Agreements, each Fund's Management Fee will be reduced by a portion of certain fees received by Maranon Capital or the applicable General Partner in connection with services provided to the Funds' portfolio companies, such as breakup, monitoring, agent, directors', transaction and similar fees. To the extent that such an offset credit would reduce the Management Fee for a given quarterly period below zero, the credit will be carried forward for future application against payable Management Fees. Installments of the Management Fee payable for any period other than a full quarterly period are adjusted on *pro rata* basis according to the actual number of days in such period.

As permitted under each Fund Agreement, a General Partner may waive or agree to reduce a Fund's Management Fee. Certain waived portions of the Management Fee are treated by the Fund Agreement as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to the Fund. Limited Partners of an applicable Fund will generally be required to make a *pro rata* contribution according to their respective Commitments to fund any contribution that would otherwise be required of the General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees have the potential to be significant.

Carried Interest

The General Partner will generally receive a carried interest with respect to Mezzanine Fund I and Fund II equal to 20% of all realized profits; provided that an 8% compound preferred return is achieved, as more fully described in the Fund Agreement. As set forth in the applicable Fund Agreements, the carried interest distributed to the General Partner is subject to a potential giveback at the end of a Mezzanine Fund's life, as well as on an interim basis in the case of Fund II, if the General Partner has received excess cumulative distributions.

The Executive Fund and Senior Credit Fund II do not pay a carried interest.

CLO Fund Fees

As more fully set forth in the governing documents of each CLO Fund, Maranon Capital receives, to the extent that funds are available, (i) a senior collateral management fee, (ii) a subordinated management fee and (iii) an incentive management fee, each payable on each payment date or, in the case of the senior management fee and the subordinated management fee, to the extent there are not sufficient funds available therefor on such payment date, on a subsequent payment date. The senior management fee and subordinated management fee will accrue with interest if unpaid and will be payable on the next payment date on which funds are available therefor. Each of the senior management fee and the subordinated management fee are payable quarterly in arrears on each payment date (subject to availability of funds) in an amount equal to 0.25% per annum (0.50% per annum in the aggregate) of the principal amount of the collateral and accrued interest (subject to certain adjustments set forth in the applicable CLO Fund's governing documents). The incentive management fee is payable to Maranon Capital if and to the extent funds are available for such purpose, on each payment date or redemption date in an amount equal to 20% of certain specified portions of interest proceeds and principal proceeds (as more fully provided in the governing documents of the applicable CLO Fund). The incentive management fee will not be payable on any payment date or redemption date unless the applicable CLO Fund's subordinated notes' internal rate of return exceeds a specified threshold.

Maranon Capital, in its sole discretion, may waive all or any portion of a CLO Fund's senior collateral management fee and subordinated collateral management fee (collectively, the "CLO Fund Management Fees"), and may defer all or any portion of such CLO Fund

Management Fees subject to certain limitations as provided in the governing documents of such CLO Fund.

Separate Account Fees

Separate Account fees are negotiated on a Client-by-Client basis and are set forth in the applicable Investment Management Agreement.

Senior Note Vehicle Fees

The Senior Note Vehicle pays Maranon Capital a Management Fee, monthly in arrears, equal to 0.50% of (i) the outstanding daily principal amount of all senior note investments held by the Senior Note Vehicle and (ii) the average daily market value of all other securities held by the vehicle and managed by Maranon Capital. In addition, Maranon Capital retains a portion of fees on assets it generates for the Senior Note Vehicle.

Warehouse Facility Fees

The Warehouse Facility pays Maranon Capital a Management Fee, monthly in arrears, equal to 0.50% of the aggregate funded capital invested less any invested capital attributable to permanently written off investments. In addition, Maranon Capital retains a portion of origination fees, syndication profits, and other fees associated with investments it makes for the Warehouse Facility. Furthermore, investments held in the Warehouse Facility may ultimately be sold or contributed to collateralized loan obligations, business development companies or other collective investment vehicles to be sponsored by Maranon Capital.

Non-Discretionary Account Fees

The Non-Discretionary Account pays Maranon Capital, quarterly in arrears, a fee equal to 0.50% of invested capital for all closed investments in senior debt related opportunities offered to it by Maranon Capital. In addition, Maranon Capital retains all administration fees and a portion of origination fees on assets it generates for the Non-Discretionary Account.

Other Client Fee and Expense Information

Principals or other employees of Maranon generally receive a portion of the Management Fee, carried interest or other compensation received by Maranon Capital or its affiliates. In addition, employees, consultants or independent contractors of Maranon may serve, in connection with a workout or otherwise, as directors of portfolio companies, and any directors' fee or similar fee received in connection with such service will not be credited to any Senior Product unless otherwise specified in the applicable Fund Agreement.

In addition to any Management Fee and carried interest, Clients bear certain expenses. As set forth more fully in the applicable Memorandum and/or Fund Agreement, each Mezzanine Fund and Senior Fund bears all expenses relating to such Fund's activities, investments and business to the extent not reimbursed by portfolio companies or applied to reduce transaction fees, including (i) all costs, expenses, liabilities and obligations attributable to acquiring, holding and disposing of the applicable Fund's investments, (ii) legal, accounting, auditing, insurance,

travel, litigation and indemnification costs and expenses, judgments and settlements, consulting, finders', financing, appraisal, filing, custodian and other fees and expenses, (iii) expenses of the advisory board, (iv) all costs, expenses, liabilities and obligations incurred by the applicable Fund, its General Partner or its affiliates relating to investment and disposition opportunities for the applicable Fund not consummated, (v) all out-of-pocket fees and expenses incurred by the applicable Fund, its General Partner or any of their affiliates in connection with any conference or meeting of limited partners, (vi) any taxes, fees and other governmental charges levied against the applicable Fund, (vii) any placement fees, and (ix) costs and expenses that are classified as extraordinary expenses under GAAP, but not ordinary overhead and administrative expenses of the Advisers (such as employee compensation, rent, utilities and general office expenses).

Similarly, as set forth in its Memorandum and collateral management agreement, each CLO Fund bears all of its costs and expenses, including any cost and expenses reasonably incurred by Maranon Capital on its behalf, such as (i) the costs and expenses of Maranon Capital incurred in connection with the negotiation and preparation of the collateral management agreement and all other agreements and matters related to the issuance of notes from such CLO Fund (the "CLO Notes"); (ii) any transfer fees necessary to register any collateral obligation in accordance with the indenture governing such CLO Notes; (iii) any fees and expenses in connection with the acquisition, management or disposition of collateral or otherwise in connection with such CLO Notes or such CLO Fund (including (a) investment related travel, communications and related expenses, (b) loan processing fees, legal fees and expenses and other expenses of professionals retained by Maranon Capital on behalf of such CLO Fund and (c) amounts in connection with the termination, cancellation or abandonment of a potential acquisition or disposition of any collateral that is not consummated); (iv) any and all taxes and governmental charges that may be incurred or payable by such CLO Fund; (v) any and all insurance premiums or expenses incurred in connection with the activities of such CLO Fund by Maranon Capital; (vi) any and all costs, fees and expenses incurred in connection with the rating of such CLO Notes or obtaining ratings or credit estimates on the debt obligations that provide security for the secured portion of such CLO Notes (the "Collateral Obligations"), and communications with rating agencies; (vii) any and all costs, fees and expenses incurred in connection with Maranon Capital's communications with CLO noteholders; (viii) costs and fees of one or more firms that provide software databases and applications for the purpose of modeling, evaluating and monitoring the collateral and such CLO Notes pursuant to a licensing or other agreement; (ix) fees and expenses for services to such CLO Fund in respect of the collateral relating to asset pricing and rating services; (x) any and all expenses incurred to comply with any law or regulation related to the activities of such CLO Fund and Maranon Capital to the extent relating to such CLO Fund, Maranon Capital and the collateral; (xi) the fees and expenses of any independent advisor employed to value or consider Collateral Obligations; and (xii) costs and expenses in connection with any amendment or supplement (including any proposed amendment or supplement) to the collateral management agreement, documents governing such CLO Notes and any other agreements executed in connection therewith.

Separate Accounts bear similar expenses incurred in connection with the senior debt and other investments held in its account, as set forth in each Investment Management Agreement. Brokerage fees for Clients may be incurred in accordance with the practices set forth in "Brokerage Practices."

The Funds invest in illiquid assets on a long-term basis. Accordingly, Management Fees and any other fees and expenses are expected to be paid, except as otherwise described in the applicable Fund Agreement, over the term of each Fund. A Fund's investors generally are not permitted to withdraw or redeem their interests. The Senior Note Vehicle and the Non-Discretionary Account also invest in illiquid assets on a long-term basis so the Client's ability to terminate the Investment Management Agreement and withdraw assets is limited.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under "Fees and Compensation," the General Partners receive a carried interest allocation on certain realized profits in the Mezzanine Funds and Maranon Capital receives an incentive management fee on certain specified portions of interest proceeds and principal proceeds in the CLO Funds. The Senior Products (other than the CLO Funds) and the Executive Fund are not charged a performance-based fee. While charging certain Clients, but not others, a performance-based fee could present a conflict of interest because the Advisers have an incentive to favor accounts for which they receive the highest performance-based compensation, the Advisers do not believe this arrangement poses a conflict of interest in practice because the Senior Products and the Mezzanine Funds have different investment strategies and the Executive Fund is designed to coinvest alongside Mezzanine Fund I, subject to certain limitations set forth in their respective Fund Agreements. In addition, Maranon Capital has agreed to present senior debt related investment opportunities to the Non-Discretionary Account only in instances when, in Maranon Capital's judgment, such investments may require additional capital beyond that available or prudent for allocation to the Senior Funds or other Maranon Clients. In addition to these considerations, the Advisers maintain an investment allocation policy that takes into account the Advisers' obligations to each Client, including any investment limitations and restrictions, as set forth in the Fund Agreements, the Investment Management Agreements, and the indentures for the CLO Funds.

The existence of performance-based compensation has the potential to create an incentive for the General Partner in the Mezzanine Funds to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although Maranon Capital generally considers performance-based compensation to better align its interests with those of its investors.

TYPES OF CLIENTS

Maranon Capital provides investment advice to Funds as well as other Clients. Funds may include investment partnerships or other investment entities formed under domestic or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Clients (and indirectly, investors participating in Funds) may include individuals, banks or thrift institutions, insurance companies, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities. Clients may also include, directly or indirectly, principals or other employees of Maranon Capital and its affiliates and members of their families or other service providers retained by Maranon Capital and/or its affiliates.

The Funds generally have a minimum investment amount of \$5 million, although the Executive Fund had a minimum investment amount of \$100,000 and each CLO Fund has a minimum investment amount of \$250,000. The General Partner had the right to waive minimum investment amounts. Fund investors are generally required to be qualified purchasers (as defined in the Investment Company Act), although the Executive Fund's interests were sold to accredited investors (as such term is defined in Regulation D promulgated under the Securities Act) and notes issued by the CLO Funds were issued and sold to either qualified purchasers or non-U.S. persons (as such term is defined in Regulation S promulgated under the Securities Act). Minimum investment amounts and investor qualification standards for other Clients are determined on a case-by-case basis, although Maranon Capital would typically require any managed account client to be a qualified purchaser and to place a significant amount of capital under management with Maranon Capital.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

Each General Partner has appointed Maranon Capital to provide day-to-day investment advisory services to the Funds, subject to the applicable General Partner's supervision. Maranon Capital is also responsible for managing the other Senior Products. Since the Advisers share common owners and personnel and the Funds and the other Senior Products are intended to make complementary investments, the Advisers' overall investment methodology is described below. Fund investors should review each Fund's private placement memorandum and the applicable Fund Agreement and Separate Account Clients should review the applicable Investment Management Agreement for more detailed information regarding the investment strategies to be employed in connection with and/or any investment restrictions that pertain to their particular investments. There can be no assurance that the Advisers will achieve a Client's investment objectives and a loss of investment may be possible.

Investment Strategy

The Advisers typically target investments in middle market companies. The Advisers may seek to offer an integrated financing solution for such companies by managing two complementary, committed pools of capital. The Mezzanine Funds were formed to invest in mezzanine and equity securities primarily in the lower middle market (companies with \$5 to \$30 million of EBITDA and enterprise valuations of \$30 million to \$150 million). The Senior Products generally invest in floating rate senior first lien secured loans, generally in the same or similar types of companies as the Mezzanine Funds. Investment targets for the Funds include private equity sponsored leveraged buyouts as well as non-sponsored transactions in partnership with management teams. In certain instances, the Advisers may offer an integrated financing solution in partnership with other senior first and second lien debt providers in club and syndicated transactions.

The Advisers may also take advantage of equity co-investment opportunities in situations that the Advisers believe provide attractive investment return prospects. Any such equity co-investments will focus primarily on investment opportunities where the Advisers believe the enterprise valuation and investment return prospects are more compelling than market norms.

Such co-investments are expected to be made only in conjunction with a mezzanine or senior credit investment by a Fund (other than the CLO Funds).

The Advisers source Client investments through direct origination efforts focused on private equity firms, investment banks, business brokers, commercial lenders, accountants, lawyers and other centers of influence in the middle market.

The Advisers focus on risk management, high transaction selectivity and loan portfolio diversification. The Advisers also build portfolio diversity by transaction type and industry.

The Advisers generally are the lead investor in Mezzanine Fund investments. As a result, the Advisers are in a position to exert significant influence over the structure and terms of each Client transaction. The Advisers' investment professionals expect to be active members of the boards of directors for portfolio companies in which a Fund makes a significant equity co-investment.

Risks of Investment

The Advisers' Clients bear the risk of loss that the Advisers' investment strategy entails. A prospective Client should only invest with the Advisers as part of an overall investment strategy and only if such investor is able to withstand a total loss of its investment. Prospective investors should not construe the performance of earlier investments by the Advisers or their affiliates as providing any assurances regarding future performance.

Risks involved with the Advisers' investment strategy and an investment in the Funds include, but are not limited to, those described below. Fund investors should review the applicable private placement memorandum or similar offering document for specific information regarding the risks associated with an investment in a given Fund, which are available to prospective investors prior to a Fund's closing. Existing investors may receive an additional copy of the offering document upon request. To the extent a Separate Account Client has authorized the Advisers to make the types of investments and use the investment techniques described below, the investment risks described herein are also generally applicable to investments made on behalf of such Client.

Integrated Financing. As part of Maranon's investing strategy, Maranon may use an integrated financing approach on select transactions and provides both senior and mezzanine capital in certain of its investments. The Senior Products typically have a set capacity available for financing of senior loans. In addition, Senior Product funding commitments made by a Separate Account may be terminated under certain situations by the Separate Account client, generally involving significant adverse events with respect to the investments held in the Separate Account. Maranon may require additional senior financing capacity to implement its integrated financing approach.

Business Risks. The Funds' investment portfolios consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Future and Past Performance. The performance of the principals' prior investments and a Fund's performance to date is not necessarily indicative of a Fund's future results. While the General Partners intend for each Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that a targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Leveraged Nature of Investments. The portfolio companies in which a Fund may invest may be highly leveraged, thereby increasing the degree of credit risk inherent in each investment. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs or to pay principal and interest on a Fund's investments when due. The leveraged capital structure of portfolio companies increases the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates (which have recently been at or near historic lows). A Fund's investments may be unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured and bear floating interest rates. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, the companies and securities in which a Fund invests generally will not be rated by a credit rating agency.

Prepayment of Investments. The stated maturity of traditional mezzanine investments is generally six to eight years, and the stated maturity of senior credit investments is generally five years. However the Advisers expect that borrowers will generally prepay their mezzanine and/or senior credit loans earlier than the stated maturity. The life of a traditional mezzanine or senior credit investment can be substantially shorter, particularly for good credits. Early prepayment, particularly by good credits, reduces a Fund's opportunity to make long-term compounded returns. Later prepayment, particularly by weaker credits, can tie up a Fund's capital in investments which may have a greater risk of default. Either way, the shortening or lengthening of the holding period may prevent a Fund from realizing its objectives.

Nature of Investment in Senior Loans. The assets of a Senior Fund will primarily be in floating rate senior, first and second lien secured loans. The factors affecting an issuer's first and second lien loans, and its overall capital structure, are complex and may differ from the general structure outlined in the applicable Memorandum. Some first lien loans may not necessarily have priority over all other indebtedness of an issuer. For example, some first lien loans may permit other secured obligations (such as overdrafts, swaps or other derivatives made available by members of the syndicate to the company), or involve first liens only on specified assets of an issuer. Issuers of first lien loans may have two tranches of first lien debt outstanding each with first liens on separate collateral. Furthermore, the liens referred to herein generally only cover domestic assets and non-U.S. assets are not included (other than, for example, where a borrower pledges a portion of the stock of first-tier non-U.S. subsidiaries). In the event of chapter 11 filing by an issuer, title 11 of the United States Code (11 U.S.C. §§ 101 - 1532) (the "Bankruptcy Code") authorizes the issuer to use a creditor's collateral and to obtain additional credit by grant of a priority lien on the issuer's property, senior even to liens that were first in priority prior to the bankruptcy filing, as long as the issuer provides what the presiding bankruptcy judge

considers to be “adequate protection,” which may, but need not always, consist of the grant of replacement or additional liens or the making of cash payments to the affected secured creditor. The imposition of prior liens on a Senior Fund’s collateral would adversely affect the priority of the liens and claims held by a Senior Fund and could adversely affect a Senior Fund’s recovery on its loans.

Any secured debt is secured only to the extent of its lien and only to the extent of underlying assets or incremental proceeds on already secured assets. Moreover, underlying assets are subject to credit, liquidity, and interest rate risk. Although the amount and characteristics of the underlying assets selected as collateral may allow a Senior Fund to withstand certain assumed deficiencies in payments occasioned by the borrower’s default, if any deficiencies exceed such assumed levels or if underlying assets are sold it is possible that the proceeds of such sale or disposition will not be equal to the amount of principal and interest owing to a Senior Fund in respect to its loans.

Further, loans may become non-performing for a variety of reasons. Upon a bankruptcy filing by an issuer of debt, the Bankruptcy Code imposes an automatic stay on payments of its pre-petition debt. Non-performing debt obligations may require substantial workout negotiations, restructuring or bankruptcy filings that may entail a substantial reduction in the interest rate, deferral of payments and/or a substantial write-down of the principal of a loan or conversion of some or all of the debt to equity. If an issuer were to seek relief under chapter 11 of the Bankruptcy Code, the Bankruptcy Code authorizes the issuer to restructure the terms of repayment of a class of debt even if the class fails to accept the restructuring as long as the restructured terms are “fair and equitable” to the class and certain other conditions are met.

Senior secured credit facilities are generally syndicated to a number of different financial market participants. The documentation governing the facilities typically requires either majority consent or, in certain cases, unanimous approval for certain actions in respect of the credit, such as waivers, amendments, or the exercise of remedies. In addition, voting to accept or reject the terms of a restructuring of a credit pursuant to a chapter 11 plan of reorganization is done on a class basis. As a result of these voting regimes, a Senior Fund may not have the ability to control any decision in respect of any amendment, waiver, exercise of remedies, restructuring or reorganization of a Senior Fund’s loan investments.

Senior secured loans are also subject to other risks, including (i) the possible invalidation of an debt or lien as a “fraudulent conveyance,” (ii) the recovery as a “preference” of liens perfected or payments made on account of a debt in the 90 days before a bankruptcy filing, (iii) equitable subordination claims by other creditors, (iv) so-called “lender liability” claims by the issuer of the obligations and (v) environmental liabilities that may arise with respect to collateral securing the obligations. It is possible that a secondary loan market participant can be denied a recovery from the debtor in a bankruptcy if a prior holder of the loans either received and does not return a preference or fraudulent conveyance or engaged in conduct that would qualify for equitable subordination.

A Fund may (through its Adviser) participate on committees formed by creditors to negotiate the management of financially troubled obligors that may or may not be in bankruptcy. If a Fund does join a creditors' committee, the participants of the committee would be interested

in obtaining an outcome that is in their respective individual best interests and there can be no assurance of obtaining results most favorable to the Fund in such proceedings. By participating on such committees, the Fund may be deemed to have duties to other creditors represented by the committees, which might expose the Fund to liability to such other creditors who disagree with the Fund's actions.

Investing in Participation Interests. In the unlikely event that a Fund may acquire interests in loans indirectly by purchasing a participation interest from the selling institution, holders of participation interests are subject to additional risks not applicable to a holder of a direct interest in a loan. In the case of a participation interest, a Fund will generally have the right to receive payments of principal, interest and any fees to which it is entitled only from the institution selling the participation and only upon receipt by such selling institution of such payments from the borrower. Accordingly, a Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, may not have rights of set off against the borrower, and may not directly benefit from the collateral supporting the loan in which it has purchased the participation interest. In addition, a Fund may purchase a participation interest from a selling institution that does not itself retain any portion of the applicable loan and, therefore, may have limited interest in monitoring the terms of the loan agreement and the continuing creditworthiness of the borrower. Selling institutions voting or consenting in connection with such matters may have interests different from those of the Fund and may fail to consider the interests of the Fund in connection with their votes or consents.

Non-Payment of Principal and Interest; Adequacy of Collateral. The Clients' investments are subject to the risk of non-payment of scheduled interest or principal by the borrowers with respect to such investments. Such non-payment would likely result in a reduction of income to the Clients and a reduction in the value of the loans experiencing non-payment. Although a Senior Fund may invest in portfolio companies that its General Partner believes are secured by specific collateral the value of which typically exceeds the principal amount of the investment at the time of initial investment, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. In addition, in the event of bankruptcy of a borrower, a Senior Fund could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing an investment a portfolio company. Under certain circumstances, collateral securing an investment in a portfolio company may be released without the consent of a Senior Fund. Moreover, a Senior Fund's first lien loans may be unperfected for a variety of reasons, including the failure to make required filings by lenders and, as a result, a Senior Fund may not have priority over other creditors as anticipated.

Non-controlling Investments. Each Fund will principally hold debt obligations and other non-controlling interests in portfolio companies and, therefore, will have a limited ability to protect each Fund's position in such portfolio companies. However, each General Partner seeks appropriate creditor and shareholder rights to help protect the applicable Fund's interest.

Concentration of Investments. The Funds participate in a limited number of investments and may seek to make several investments in one industry or one industry segment, or within a short period of time. As a result, each Fund's investment portfolio could become highly

concentrated, and the performance of a few holdings may substantially affect its aggregate return.

Lack of Sufficient Investment Opportunities. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying, structuring and completing mezzanine or senior credit transactions is highly competitive and involves a high degree of uncertainty. Each Fund competes for investments with other private investment vehicles (particularly those focused on mezzanine or senior credit investments), as well as individuals, financial institutions and other institutional investors. In addition, companies seeking an infusion of capital may choose to draw upon the public debt or equity markets, or with regard to a Mezzanine Fund, obtain first and/or second lien debt financing, instead of issuing privately placed mezzanine securities. However, Limited Partners in Mezzanine Funds will be required to bear annual management fees during the Investment Period based on the entire amount of their Commitments and other expenses as set forth in the applicable Fund Agreement.

Illiquidity; Lack of Current Distributions. An investment in each Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating each Fund (including the annual management fee payable to the applicable General Partner) may exceed its income, thereby requiring that the difference be paid from the applicable Fund's capital.

Leveraged Investments. The Mezzanine Funds generally may use leverage by incurring debt to finance an investment in a given portfolio company pending receipt of capital contributions from the Partners pursuant to a capital call notice. The Senior Funds generally may use leverage by incurring debt to finance an investment in a given portfolio company. Leverage generally magnifies a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by a Fund will also result in interest expense and other costs to a borrowing Fund that may not be covered by distributions made to the Fund or appreciation of its investments. To the extent a Fund incurs leverage, such amounts may be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund. In addition, this portfolio company leverage could accelerate and magnify declines in the value of a Fund's investments in the leveraged portfolio companies in a down market.

Limited Transferability of Fund Interests. There is no public market for each Fund's interests, and none is expected to develop. There are substantial restrictions upon the transferability of each Fund's interests under the Fund Agreements and applicable securities

laws. In general, withdrawals of the Funds' interests are not permitted. In addition, the Funds' interests are not redeemable.

Restricted Nature of Investment Positions. Generally, there is no readily available market for a substantial number of the Funds' investments, and hence, most of the Funds' investments are difficult to value. Certain investments may be distributed in kind to the Partners and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such Partners. After a distribution of securities is made to the Partners, many Partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such Partners may be lower than the value of such securities determined pursuant to the applicable Fund Agreement, including the value used to determine the amount of carried interest available to the General Partner with respect to such investment.

Reliance on the General Partner and Portfolio Company Management. Control over the operation of each Fund is vested entirely with its General Partner, and each Fund's profitability depends largely upon the business and investment acumen of its Principals. The loss of service of one or more of its Principals could have an adverse effect on a Fund's ability to realize its investment objectives. In addition, the Principals may in the future manage other investment funds or investment vehicles besides the Clients and the Principals may need to devote substantial amounts of their time to the investment activities of such other Clients, which may pose conflicts of interest in the allocation of the time of the Principals. Limited Partners generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of each Fund will depend entirely on the actions of its General Partner. Although the General Partners will monitor the performance of each Fund's investments, it is primarily the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although the Funds generally intend to invest in companies with strong management, there can be no assurance that the existing management of such companies is strong or will continue to operate a company successfully.

Projections. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by its General Partner in its discretion. In all cases, projections are only estimates of future results that are based upon assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Conflicting Investor Interests. Limited Partners may have conflicting investment, tax, and other interests with respect to their investments in a Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by a General Partner regarding an investment that may be more beneficial to one Limited Partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, each General Partner generally will consider the investment and tax objectives of the applicable Fund and its Partners as a whole, not the investment, tax, or other objectives of any Limited Partner individually.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Fund's activities, including the ability of the Fund to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives

The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent a Fund's efforts to structure, consummate and/or exit investments. As a result, a Fund may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

Alternative Investment Fund Managers Directive. The EU Alternative Investment Fund Managers Directive (the "AIFMD") came into effect on July 22, 2013. The AIFMD regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area ("EEA"). If a Fund is actively marketed to investors domiciled or having their registered office in the EEA after July 21, 2013 in circumstances where no transitional relief is available: (i) such Fund may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in the Fund incurring additional costs and expenses; (ii) such Fund and/or its General Partner may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in the Fund incurring additional costs and expenses or otherwise affect the management and operation of the Fund; (iii) its General Partner may be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (iv) the AIFMD may also restrict certain activities of such Fund in relation to EEA portfolio companies including, in some circumstances, the Fund's ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for a Fund to raise its targeted amount of Commitments.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that the applicable Fund will make follow-on investments or that such Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made) or may result in a lost opportunity for such Fund to increase its participation in a successful operation.

Non-U.S. Investments. A Fund may invest a portion of the aggregate Commitments in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and foreign tax rules to cross-border investments, possible imposition of foreign taxes on a Fund and/or its Partners with respect to such Fund's income, and possible foreign tax return filing requirements for a Fund and/or its Partners.

Significant Default Penalties. The Fund Agreement provides for significant penalties and other adverse consequences in the event a Limited Partner defaults on its Commitment or other payment obligations. In addition to losing its right to potential distributions from a Fund, a defaulting Limited Partner may be forced to transfer its interest such Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

Dilution. Limited Partners admitted or that increase their respective Commitments to a Fund at subsequent closings generally will participate in then-existing investments of such Fund, thereby diluting the interest of existing Limited Partners in such investments. Although any such new Limited Partner will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of such Private Investment Fund's existing investments at the time of such contributions.

General Partner's Carried Interest. The fact that a General Partner's carried interest is based on a percentage of net profits, may create an incentive for a General Partner to cause a Fund to make riskier or more-speculative investments or to hold an investment longer than would otherwise be the case.

Director Liability. A Fund may obtain the right to appoint a representative to the board of directors of the companies in which it invests. Serving on the board of directors of a portfolio company exposes such Fund's representatives, and ultimately such Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Fund's investment activities.

Phantom Income. Certain of a Fund's portfolio investments may be issued with "original issue discount" and may result in the receipt of ordinary interest or dividend income without a corresponding receipt of cash or property. Consequently, an investor's share of taxable income of a Fund for a particular period (and possibly the income tax payable with respect to that income) may exceed the cash or other property distributed by such Fund to such investor in respect of that period.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other

sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Funds and their portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Funds' portfolio companies.

Market Conditions. The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for a Fund and may affect a Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in a Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of the Fund to pay break-up, termination or other fees and expenses in the event a Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of a Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Fund's ability to raise funding to support its investment objective.

Public Company Holdings. Each Fund's investment portfolio may contain equity and debt securities issued by publicly held companies. Such investments may subject each Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of each Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the Principals, and increased costs associated with each of the aforementioned risks.

Valuation of Investments. Generally, the relevant General Partner will determine the value of all the related Fund's investments for which market quotations are available based on

publicly available quotations. However, market quotations will not be available for virtually all of a Fund's investments because, among other things, the securities of portfolio companies held by such Fund generally will be illiquid and not quoted on any exchange. Each General Partner will determine the value of all the Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks, and may also affect the diversification and management of such Fund's portfolio of investments.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Maranon or one of its service providers holding its financial or investor data, Maranon, its affiliates or the Clients may also be at risk of loss, despite efforts to prevent and mitigate such risks under Maranon's policies.

Risks Related to the CLO Funds Only

Credit Rating Risks and Uncertainties. The CLO Fund's collateral which are middle market loans will generally have private ratings assigned by rating agencies. Each CLO Fund is required to obtain an annual review of each private rating from each rating agency. A credit rating or credit estimate is not a recommendation to buy, sell or hold assets and may be subject to revision or withdrawal at any time by the assigning rating agency. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value; therefore, ratings and estimates may not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings or credit estimates and may change credit rating and credit estimate methodology in response to legislative and regulatory initiatives or for other reasons. Consequently, credit rating and estimate reductions or withdrawals may occur for any number of reasons and may affect

numerous assets at a single time or within a short period of time, with material adverse effects upon interests in the CLO Funds.

Interest Rate Mismatch. There will be mismatches between the floating rates applicable to a CLO Fund's collateral and the LIBOR applicable to the secured notes issued by such CLO Fund, and there are restrictions with respect to each CLO Fund's ability to hedge. In addition, to the extent payments of principal or interest on a CLO Fund's collateral are reinvested, there is no requirement that such investments bear interest at a floating rate, and the interest rates available for such investments are inherently uncertain and expected to be significantly lower than the interest rates on such CLO Fund's collateral. As a result of these and other potential mismatches, changes in the level of LIBOR or any other applicable floating rate index could adversely affect the ability of a CLO Fund to make distributions to its investors.

Conflicts of Interest

Maranon Capital and its related entities engage in a broad range of advisory and non-advisory activities, including providing agent services to portfolio companies. Maranon Capital will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Clients in an appropriate manner, as required by the relevant Fund Agreement and/or Investment Management Agreement, although the Clients and their respective investments will place varying levels of demand on these over time. In the ordinary course of Maranon conducting its activities, the interests of a Client may conflict with the interests of Maranon, one or more other Clients, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein.

Maranon Capital currently manages the Mezzanine Funds, the Senior Funds, the Senior Note Vehicle, the Warehouse Facility and the Non-Discretionary Account and may manage additional similar Funds and other separately managed accounts in the future. Conflicts of interest may arise in Maranon Capital's direction of certain relevant investment opportunities to the Mezzanine Funds, on the one hand, and the Senior Credit Products, on the other hand, from time to time. In addition, the Mezzanine Funds may make mezzanine and equity co-investments in the same transactions in which the Senior Products invest, subject to any limitations in the applicable Fund Agreements and Investment Management Agreements. As a result, the Mezzanine Funds and the Senior Products may have conflicting interests in negotiating the terms of their investments. In negotiating the price of the mezzanine securities, characterizations, rates of interest or stated dividends, nature of the covenants, and other terms and conditions of such securities, the Senior Products may have interests that conflict with those of the Mezzanine Funds. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest. Maranon Capital will, to the extent it is managing investments of a Mezzanine Fund and the senior loans of a Senior Product in the same issuer, seek to manage such conflicts in good faith and in a manner consistent with its duties to its Clients, including through the various Fund Agreements and protocols that are in effect between the Mezzanine Funds and the Senior Products and were put in place to mitigate such conflicts, and may seek the advice of the applicable Client and/or a Fund's advisory board as it

deems appropriate. Certain additional conflicts may be present if a Senior Product manages a senior loan in a default, workout or bankruptcy scenario, as permitted by the applicable Fund Agreement or Investment Management Agreement. In such a case, the Senior Product could take actions that are adverse to the interests of a Mezzanine Fund.

If a portfolio company requires additional capital as a result of financial or other difficulties, or to finance growth or other opportunities, Clients may or may not provide such additional capital, and if provided, each Client generally will supply such additional capital in such amounts, if any, as determined by Maranon in its sole discretion.

From time to time, the Advisers may, to the extent permitted under applicable law and the collateral management agreement for a CLO Fund, affect cross-transactions where Maranon Capital causes a transaction to be affected between such CLO Fund and the Warehouse Facility, with any required investor consent.

In addition, from time to time, the Advisers will be presented with investment opportunities that would be suitable not only for the Mezzanine Funds and the Senior Credit Funds, but also for other Clients or investment vehicles operated by the Advisers and/or affiliates. In determining which investment vehicles should participate in such investment opportunities, the Advisers and their affiliates are subject to conflicts of interest among the investors in such investment vehicles. Investments by more than one Client in a portfolio company may also raise the risk of using assets of a Client to support positions taken by other Clients. When and to the extent that employees and related persons of Maranon Capital and its affiliates make capital investments in or alongside certain Clients, Maranon Capital and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Maranon must first determine which Client(s) will, or are required to, participate in the relevant investment opportunity. Maranon generally assesses whether an investment opportunity is appropriate for a particular Client based on the Client's operating documents, investment and operating guidelines, diversification limitations, tax and regulatory situation, minimum dollar limits, leverage requirements, return and risk targets and other relevant factors. Generally speaking, in the event there are multiple Senior Products for which an investment opportunity is suitable, the following allocation methodology is used. Initially the allocation will be based on the minimum hold sizes for each participating Senior Product. For investments greater than minimum investment amount for each Senior participating Product, the allocation will be based on available capital held in each respective fund with a maximum based on Maranon's judgment considering each Senior Product's objectives and operating documents. Investment opportunities related to add-on and recapitalization opportunities are generally allocated first to the currently invested Clients, and then to other Clients based on the factors described above.

Following determination of allocation among Clients, Maranon will determine if the amount of an investment opportunity in which Clients will invest exceeds the amount that would be appropriate for all such Clients and any such excess may be offered to one or more potential co-investors, including third parties, as determined by the Fund Agreements, Side Letters and

Maranon's procedures regarding allocation. Maranon's procedures permit it to take into consideration a variety of factors in making such determinations, including consideration of: knowledge and experience in financial and business matters necessary to make them capable of evaluating the merits and risks of the prospective investment; perceived ability to quickly execute on transactions; and tax, regulatory, securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); and other appropriate factors. Co-investment opportunities may, and typically will, be offered to some and not other Maranon investors. The Advisers may grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments or otherwise to have priority in co-investment opportunities over certain other third-party investors.

Maranon's allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While Maranon will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Client's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which Maranon may be subject, discussed herein, did not exist.

Subject to any relevant restrictions or other limitations contained in the Fund Agreements, Maranon will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its Clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, Maranon may be faced with a variety of potential conflicts of interest.

As a general matter, Client expenses typically will be allocated among all relevant Clients eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by Maranon Capital or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size. The Clients may have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Clients bearing different levels of expenses with respect to the same investment. Additionally, a portfolio company typically will reimburse an Adviser or service providers retained at an Adviser's discretion for expenses (including without limitation travel expenses) incurred by such Adviser or such service providers in connection with its performance of services for such portfolio company. This subjects an Adviser and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Each portfolio company determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to an Adviser or such service

providers generally is subject to: agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

The Advisers, their affiliates, and equity holders, officers, principals and employees of the Advisers and their affiliates may buy or sell securities or other instruments that an Adviser has recommended to a Client. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Client. Employees and related persons of Maranon have, and are expected to continue to have, capital investments in or alongside certain Funds and therefore may have additional conflicting interests in connection with these investments.

Because certain expenses are paid for by a Client and/or its portfolio companies or, if incurred by an Adviser, are reimbursed by a Client and/or its portfolio companies, Such Adviser will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

Because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when the applicable Adviser may not otherwise have done so. In addition, since Maranon Capital is permitted to retain certain fees (as described under “Fees and Compensation”) in connection with Client investments, it could have a conflict of interest in connection with approving transactions.

An Adviser and/or its affiliates may enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

The Advisers attempt to resolve such conflicts of interest in light of their obligations to Clients, and attempt to allocate investment opportunities among Clients and any other such investment vehicles in a fair and equitable manner and in accordance with any provisions regarding the allocation of investment opportunities in the Clients’ governing documents. To the extent that an investment or relationship raises particular conflicts of interest, the Advisers will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, the Advisers may consult with and receive consent to conflicts from the Client, or in the case of a Fund, its advisory board, if applicable.

DISCIPLINARY INFORMATION

Maranon Capital and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Maranon Capital is affiliated with the General Partners, each of which is an investment adviser registered with the SEC under the Advisers Act pursuant to Maranon Capital's registration in accordance with SEC guidance. The Advisers operate as a single advisory business and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

Maranon Capital has entered into a strategic relationship with Security Benefit Corporation. Security Benefit Corporation and its affiliates have provided a significant capital commitment for the Warehouse Facility and Mezzanine Fund II and has received certain rights in Maranon Capital, including economic participation in the future fee income of Maranon Capital. Security Benefit Corporation does not, either directly or indirectly, have any involvement in the day-to-day operations of Maranon Capital, nor do they have any authority to control or direct the operations of Maranon Capital.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Advisers have adopted a Code of Ethics and Securities Trading Policy and Procedures (the "Code"), which sets forth standards of conduct that are expected of the Advisers' principals and employees and addresses conflicts that arise from personal trading. Personal securities transactions are required to be conducted in a manner that prioritizes Client interests in Client eligible investments. The Code requires the Advisers' personnel to report their personal securities transaction and to obtain approval from the Advisers' Chief Compliance Officer prior to, directly or indirectly, acquiring beneficial ownership of any security in an initial public offering or a limited offering or engaging in any securities transactions involving securities on the Advisers' restricted list. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any Client or prospective investor upon request to Mike Parilla, the Advisers' Chief Compliance Officer, at (312) 646-1200.

The Advisers and their affiliates may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Advisers and their affiliates would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Advisers.

Accordingly, should the Advisers or any of their affiliates come into possession of material nonpublic or other confidential information with respect to any public company, the Advisers generally would be prohibited from communicating such information to clients, and the Advisers will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of the Advisers' personnel serving as directors of public companies and may restrict trading on behalf of Clients.

Principals and employees of the Advisers and their affiliates may directly or indirectly own an interest in Funds, including the Mezzanine Funds, the Senior Credit Funds or certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as a Fund.

The Funds, the other Senior Products and any other Clients may invest together with other private investment funds or clients advised by affiliates of the Advisers, subject to any limitations in the applicable Clients' governing documents. The Advisers will determine the allocation of investment opportunities in a manner that they believe is fair and equitable to Clients consistent with the Advisers' obligations to such Clients, including any investment restrictions and objectives set forth in the relevant Client's governing documents.

The Advisers and their affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who are not Clients, and may give advice and recommend securities to such persons or vehicles which may differ from advice given to, or securities recommended or bought for, a Client, even though their investment objectives may be the same or similar. The governing documents of certain Clients may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Clients or may give priority with respect to investments to such Clients. Some of these restrictions could be waived by Clients (or their representatives).

BROKERAGE PRACTICES

The Advisers focus on securities transactions of private companies and generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Advisers may also distribute securities to Clients or Private Fund Investors or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Advisers do not intend to regularly engage in public securities transactions, to the extent they do so, they would generally follow the brokerage practices described below.

If an Adviser sells publicly traded securities for a Client, the Adviser is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by such Adviser. In such event, the Advisers will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Advisers may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on Client transactions may be directed to brokers in recognition of research furnished by them, although the Advisers generally do not make use of such services at the current time and have not made use of such services since their inception. To the extent the Advisers engage in any such soft dollar transactions in the future, they will seek to comply with the safe harbor set forth in Section 28(e) of the Securities Exchange Act of 1934, as amended, and adopt any necessary policies and procedures.

From time to time, the Advisers may, but are not obligated to, purchase or sell securities for several Clients at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Client of the Advisers is favored over any other Client. To the extent such orders are not batched, they may have the effect of increasing brokerage commission or other costs.

From time to time Clients may refinance or otherwise purchase debt obligations owned by another Client, including predecessor Clients. Any cross-Fund or Client transactions will typically be effectuated after disclosure of the terms and client consent, which may often be authorized to be given by a Fund’s advisory board.

REVIEW OF ACCOUNTS

Client investments, particularly those made by the Funds, are generally private, illiquid and long-term in nature and/or in debt securities with a stated maturity. Accordingly, the Advisers’ review process is not directed toward a short-term decision to dispose of securities. However, Maranon Capital closely monitors companies in which a Client invests, and the Advisers’ Chief Compliance Officer periodically checks to confirm that each Client’s account is maintained in accordance with its stated objectives.

Each Fund generally provides to its limited partners (i) annual U.S. GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner’s tax return and (iii) quarterly reports providing a narrative summary of the status of each portfolio. Maranon Capital provides Separate Account Clients with monthly, quarterly and annual reports related to aspects of their portfolios, as required by the applicable Investment Management Agreement.

CLIENT REFERRALS AND OTHER COMPENSATION

The Advisers and/or their affiliates may provide certain business or consulting services to companies in a Client’s portfolio and may receive compensation from these companies in connection with such services. In the case of each Fund, this compensation may, in many cases, offset a portion of the Management Fees paid by each Fund. However, in other cases, these fees may be in addition to Management Fees. See “Fees and Compensation.”

From time to time, the Advisers may enter into placement agreements or solicitation arrangements pursuant to which they compensate third parties for referrals that result in a potential investor becoming a Client. Any fees and expenses payable to any such placement agents will borne by the Advisers either directly or indirectly through an offset against the Client’s Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Client(s). The Advisers retained a placement agent to solicit investors for Mezzanine Fund I and for the Warehouse Facility.

The Advisers have retained M2O Private Fund Advisors LLC (“M2O”), a U.S. registered broker-dealer, to solicit investors for Mezzanine Fund II. As compensation for its efforts, M2O

receives a monthly retainer while it is soliciting investors and will earn a fee based on a percentage of the commitments to Mezzanine Fund II attributable to M2O's solicitation efforts.

CUSTODY

Maranon Capital maintains custody of Client assets with the following qualified custodians: Merrill Lynch, Pierce, Fenner & Smith, Inc. at 600 California Street, 8th Floor, San Francisco CA, 94108, Silicon Valley Bank at 3003 Tasman Drive, Santa Clara, CA 95054, U.S. Bank Global Corporate Trust Services, One Federal Street, 3rd Floor, Boston, MA 02110, and State Street Global Services at 801 Pennsylvania, Kansas City, MO 64105.

INVESTMENT DISCRETION

With the exception of the Non-Discretionary Account, Maranon Capital has discretionary authority to manage investments on behalf of its Clients. Maranon Capital assumes this discretionary authority pursuant to the terms of the Fund Agreements and the Investment Management Agreements and any powers of attorney executed by Clients or Private Investment Fund investors. As a general policy, Maranon Capital does not allow Clients to place limitations on this authority. Pursuant to the terms of the Fund Agreements, however, Maranon Capital and/or its affiliates may enter into Side Letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Separate Accounts, such as the Senior Note Vehicle, Warehouse Facility and the Non-Discretionary Account, can negotiate limitations on Maranon Capital's authority when entering into Investment Management Agreements with Maranon Capital. Pursuant to the Investment Management Agreement, Maranon Capital is not obligated to present investment opportunities to the Non-Discretionary Account, and the accountholder of the Non-Discretionary Account has acknowledged and agreed that Maranon Capital may be obligated to first offer investment opportunities to the Funds and other Clients.

VOTING CLIENT SECURITIES

The Advisers have adopted Proxy Voting Policies and Procedures (the "Proxy Policy") to address how they will vote proxies, as applicable, for Clients. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of Clients, including where there may be material conflicts of interest in voting proxies. The Advisers generally believe its interests are aligned with those of Funds' investors through the principals' beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies for the Funds. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Advisers may address the conflict using several alternatives, including by seeking the approval or concurrence of the applicable Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's advisory board may approve the Advisers' vote in a particular solicitation. The Advisers do not consider service on portfolio company boards by Maranon personnel or Maranon's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. Clients (or investors in a Private Investment Fund) may request a copy of the Advisers' complete Proxy

Policy or information regarding how the Advisers voted proxies for particular portfolio companies, free of charge, by contacting Mike Parilla, the Advisers' Chief Compliance Officer, at (312) 646-1200.

FINANCIAL INFORMATION

Maranon Capital does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.