

This ADV brochure, dated January 4, 2016
provides information about the qualifications and business practices of:

MCF CAPITAL MANAGEMENT LLC

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The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. In addition, registration as an investment adviser does not imply a certain level of skill or training. Additional information about MCF Capital Management LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: SUMMARY OF MATERIAL CHANGES

MCF Capital Management LLC (“MCF”) is required to identify and discuss any material changes made to this Brochure since its last annual update filed on March 31, 2014.

- Additional disclosure regarding the impact of the Foreign Account Tax Compliance Act (“FATCA”) on investors in certain private investment funds managed by MCF was added in *Item 5: Fees and Compensation* in the discussion of other expenses associated with advisory services.
- Additional disclosure regarding MCF’s material relationships with certain affiliates was added in *Item 10: Other Financial Industry Activities and Affiliations*.
- Change in disclosure regarding a change in the ownership structure of Madison Capital Funding LLC in *Item 4: Advisory Business*.
- Change in disclosure regarding the Valuation Policy and Risks in *Item 8: Methods of Analysis, Investment Strategies and Risk of Loss*.

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ITEM 4: ADVISORY BUSINESS

OWNERSHIP STRUCTURE AND HISTORY

MCF Capital Management LLC ("MCF" or the "Firm") was organized in 2009 and became a registered investment adviser with the Securities and Exchange Commission ("SEC") on January 20, 2012. MCF is a wholly-owned subsidiary of Madison Capital Funding LLC ("Madison Capital"), a commercial finance company founded in 2001. MCF and Madison Capital are headquartered in Chicago, Illinois.

MCF is a wholly-owned subsidiary of Madison Capital, which is a wholly-owned subsidiary of New York Life Insurance Company ("New York Life") and New York Life Insurance and Annuity Corporation ("NYLIAC"), affiliated mutual life insurance companies. Within this structure, Madison Capital reports into NYL Investors LLC ("NYL Investors"), a subsidiary of New York Life and an affiliated investment adviser registered with the SEC (File No. 801-78759).

MCF draws upon Madison Capital's expertise by utilizing key officers of Madison Capital as officers of MCF, including its Investment Committee. While MCF maintains autonomous investment processes, it may leverage the resources and services of its affiliates, including Madison Capital, NYL Investors, and New York Life, for certain key functions. In addition, certain officers of NYL Investors and New York Life may also serve as officers of MCF. Under this structure, certain compliance, legal, and other support functions within MCF are supported by the infrastructure within these affiliated entities, including the implementation of MCF's Rule 206(4)-7 Compliance Program.

ADVISORY SERVICES

MCF provides investment advisory services to private investment funds, including certain collateralized loan obligation ("CLO") vehicles, and separately managed accounts for institutional investors. MCF utilizes Madison Capital's expertise in commercial lending, focusing its investment advisory services on the management of portfolios of commercial loans and related debt and equity instruments.

Madison Capital is a premier finance company focused primarily on the corporate financing needs of private equity sponsors in the middle market by providing enterprise-value, leveraged financing for acquisitions, recapitalizations, MBOs and LBOs.

MCF provides tailored investment advisory services to its clients. Investments for separately managed accounts are managed in accordance with the client's investment objectives, strategies, restrictions and guidelines and are agreed upon between MCF and the client.

For MCF's clients that are private investment funds or CLO vehicles, MCF manages each fund or CLO vehicle in accordance with its investment objectives, strategies, restrictions and guidelines, and does not tailor its management to the individualized needs of any particular investor in such fund or CLO vehicle. Therefore, investors in any such fund or CLO vehicle must consider whether the fund or CLO vehicle meets their investment objectives and risk tolerance prior to investing. Information about each private investment fund or CLO vehicle advised or managed by MCF is contained in its governing documents and offering memorandum, which is available to current and prospective investors through MCF or another authorized party.

It should be noted that MCF has entered into customized agreements that offer varying levels of rights, terms, and conditions across the investor base. As each agreement is customized, MCF has no obligation to offer such additional rights, terms or conditions to all investors.

As of December 31, 2014, MCF managed regulatory assets in the amount of \$2,025,143,086 on a discretionary basis, and \$126,622,841 on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

The following discussion represents basic compensation arrangements for MCF. The fee arrangements with clients can vary depending on a variety of factors such as the structure of the fund, vehicle or account; the size of the account; the investment strategy; and the client strategy. MCF typically receives fees for services based on a percentage of the amount of assets in the client's account, which are referred to as "asset-based fees." Certain clients also have performance-based fees which are described in further detail in *Item 6: Performance-Based Fees and Side-by-Side Management*. Loans transferred into client accounts are originated by Madison in its capacity. The transfer prices will not include an allocation of any compensation paid to Madison as a result of additional services that Madison may provide to the borrower, such as a structuring fee, an arrangement fee, a documentation fee, or an administrative agency fee.

PRIVATE INVESTMENT FUNDS, INCLUDING CLO VEHICLES

The fee for investment advisory and management services provided by MCF to private investment funds, including CLO vehicles, generally consists of two components – a base management fee and a performance fee. In certain cases, MCF may also receive a separate fee for advice given in connection with the initial structuring of a private investment fund or CLO vehicle and its investment portfolio. The rate, calculation method, and payment method for MCF's fees are set forth in the investment management agreement between MCF and the fund or CLO vehicle, or in the organizational documents for the fund or CLO vehicle, and are disclosed in the private placement memorandum or other offering documents for the fund or CLO vehicle. There is no standard fee schedule for services provided by MCF to private investment funds and CLO vehicles.

MCF may charge lower fees or waive fees for investment advisory and management services provided to certain affiliated funds.

MCF's fees are typically paid quarterly in arrears, and are generally deducted from the assets of the fund or CLO vehicle and paid or otherwise allocated to MCF out of the interest generated by the underlying assets of the fund or CLO vehicle in accordance with the terms of the fund's or CLO vehicle's organizational documents. Upon termination of MCF's investment management or investment advisory role for a fund or CLO vehicle, any earned, unpaid fees would be due and payable.

SEPARATELY MANAGED ACCOUNTS

The fee for investment advisory and management services provided by MCF to separately managed accounts generally consist of two components – a base management fee and a performance fee – calculated at rates negotiated with each separately managed account client. The rate, calculation method, and payment method for MCF's fees are set forth in the investment management agreement between MCF and the separately managed account client. Similar to its private investment funds and CLO vehicles, MCF typically bills its fees on a quarterly basis in arrears. Clients may elect to pay their fees separately or to authorize the custodian of their assets to pay the fees from their accounts. Management fees are generally pro-rated for account contributions and withdrawals made during a calendar quarter, and accounts begun or ended during a calendar quarter are charged a pro-rated fee. Upon termination of any account, any earned, unpaid fees would be due and payable.

OTHER EXPENSES ASSOCIATED WITH MCF'S ADVISORY SERVICES

In addition to MCF's management fees described above, clients of MCF (and investors in private investment funds and CLO vehicles managed or advised by MCF) would also bear certain other fees and expenses associated with the management of client accounts. These fees and expenses may include, but are not limited to: custodial charges, brokerage fees, fees for administrative services provided by third parties, fees for administrative and operational services provided by Madison Capital, audit and tax compliance fees, commissions and other transaction costs and expenses, such as deal fees, origination fees, government charges, taxes and duties, fees associated with investments in pooled investment vehicles, etc.

FOREIGN ACCOUNT TAX COMPLIANCE

The Foreign Account Tax Compliance Act ("FATCA") generally imposes a reporting and 30% withholding tax regime with respect to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposition of property that can produce U.S. source interest or dividends ("withholdable payments"). As a general matter, the rules

are designed to require U.S. persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities to be reported to the Internal Revenue Service ("IRS"), and the 30% withholding tax regime applies if there is a failure to provide any required information. Some of the private investment funds managed by MCF will be required to provide certain information, including information regarding their investors, to the IRS and to enter into an agreement with the IRS or comply with an applicable intergovernmental agreement with the U.S. FATCA also provides that payments from the funds to an investor that are attributable to withholdable payments will be subject to the 30% withholding tax unless the investor provides certain information, including, in the case of a non-U.S. investor, information regarding certain U.S. direct and indirect owners of such non-U.S. investor. The failure of an investor to provide such information may also result in other adverse consequences for the investor, including being required to transfer its interest in the applicable fund or otherwise withdraw from the fund. Certain investors will generally be subject to withholding unless they enter into an agreement with the IRS or comply with an applicable intergovernmental agreement.

ITEM 6: PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As discussed in *Item 5: Fees and Compensation*, MCF may receive performance fees. MCF's performance fee arrangements are structured to comply with the requirements of the Investments Advisers Act of 1940, as amended (the "Advisers Act"), the rules thereunder, and other applicable law.

Performance-based fee arrangements may create an incentive for MCF to recommend investments that are more risky or speculative than those that would be recommended under asset-based or other fee arrangements. Performance-based fees may also create an incentive to favor higher paying accounts over other accounts in the allocation of investment opportunities. MCF may have an incentive to allocate more favorable investment opportunities to an account that pays a performance-based fee or in which an affiliate has an ownership or other economic interest.

Regardless of fee arrangements, when MCF manages accounts with the same or similar investment strategy, it anticipates that those accounts will generally have the same investment opportunities. However, there are often differences in the nature or amount of investments purchased for clients because of a variety of factors, including, but not limited to:

- Specific client investment objectives
- Client-imposed investment restrictions
- Size of client account
- Cash available in the account for investment
- Borrower size
- Current industry or issuer exposure in the client account
- Other concentration limits

- Borrowing capacity (for funds or accounts with leverage)

To address the potential conflicts of interest associated with the allocation of investments across multiple client accounts, MCF adopted an *Investment Practices and Allocation Policy*. This policy requires MCF to treat each of its advisory clients in a manner consistent with its fiduciary obligations and prohibits MCF from favoring any particular account because of the ownership or economic interests of MCF, its affiliates, or employees. The policy seeks to ensure that the allocation of investment opportunities across accounts is fair and equitable over time, and is consistent with applicable laws, rules, and regulations that may apply to MCF based on the nature of its clients. Under the policy, a percentage of each investment is offered to accounts determined by MCF to be eligible. Such investment opportunities are generally allocated pro rata among eligible accounts based on the permitted investment size for each account. The pro rata allocation of investments may be modified by MCF should factors such as funding availability and liquidity, client yield requirements, portfolio duration, legal or regulatory considerations, risk or concentration parameters, fund-specific governing constraints, or other similar factors necessitate such modification. In the event the total available amount of the allocable investment is less than the aggregate amount originally recommended for each client, each account will receive a pro-rated distribution based on the respective account's commitment size and availability, subject to adjustments in order to avoid de minimis allocations.

To the extent that certain investment opportunities are permissible and appropriate for two or more accounts but are limited in size such that allocation to all eligible accounts would result in de minimis allocations, MCF will allocate such investment opportunities on a rotational basis to ensure that all client accounts, over time, have fair and equitable access to investment opportunities.

ITEM 7: TYPES OF CLIENTS

MCF provides investment advisory services to private investment funds, CLO vehicles, and separately managed accounts.

The private investment funds managed by MCF are pooled investment vehicles, each having a distinct investment strategy. These funds are typically exempt from registration with the SEC as investment companies pursuant to Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act of 1940.

The terms and conditions of each client account may vary from client to client depending on the type of services provided or the type of client, and these terms and conditions are negotiated by MCF in each case. Furthermore, certain clients, such as private investment funds and CLO vehicles, generally impose certain terms and conditions on their investors, as described in more detail in the fund's or CLO vehicle's offering documents.

Please note that this brochure should not be deemed to be a general solicitation and does not constitute an offer to sell or a solicitation of an offer to buy any type of interest in any entity advised by MCF. Investors and other recipients should be aware that while this brochure may include information about a private investment fund or CLO vehicle, as necessary or appropriate, it is not a complete discussion of the features, risks or conflicts associated with the fund or CLO vehicle. The private placement memorandum or other offering documents for each private investment fund or CLO vehicle contain more complete information about the fund or CLO vehicle, and such offering documents may be provided to current and eligible prospective investors only by MCF or another authorized party. This Brochure is designed solely to provide information about MCF for the purpose of compliance with certain obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in offering documents for a fund or CLO vehicle. To the extent that there is any conflict between discussions herein and similar or related discussions in any fund or CLO vehicle offering documents, the offering documents shall govern.

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

INVESTMENT PROCESS

As noted above, MCF draws upon Madison Capital's expertise in commercial lending. MCF primarily invests in commercial loans, with a focus on senior loans made to middle market borrowers as well as related debt and equity investments. The senior loans held in MCF clients' portfolios are originated or otherwise sourced by Madison Capital, or have been acquired by Madison Capital for its own portfolio. Many of the related debt and equity instruments held in MCF clients' portfolios are also associated with loans held in Madison Capital's own portfolio and/or in the portfolio of other New York Life affiliates.

For its clients, MCF invests in senior, second-lien, subordinated and unitranche debt, as well as preferred stock and co-investment equity. MCF's goal is to provide investors with attractive returns that carry less risk than similarly-yielding alternatives. Generally, MCF seeks to purchase carefully selected, appropriately structured, high quality investments at attractive yields.

To evaluate potential investments, MCF uses a combination of analysis methods, including:

- Fundamental analysis of a company's financial statements, management capability and experience, competitive advantages and position, and industry trends;
- Sensitivity analysis of each company and the sustainability of its cash flow, adjusting for economic cycles, risk factors specific to the business, seasonal fluctuations, and other potentially influential factors; and
- Risk-return characteristics and a comparison of yields of assets of similar risk; and

- Expert networks which facilitate discussion with industry professionals.

Each investment opportunity is evaluated on the basis of its structure, key metrics, yield, and relative value, among other factors. The goal of this process is to ensure that the investment's yield is appropriate for the risk. Further, MCF seeks to prudently diversify client portfolios in order to limit exposure to any single company or any single industry, as mandated in client legal documents.

For each investment, Madison Capital and MCF conduct a comprehensive due diligence process consisting of both qualitative and quantitative analyses, which may include (i) on-site visits, (ii) reviews of audit(s), internal financial statements, and accounting reports, (iii) discussions with company management teams and owners, (iv) reviews of industry and competitive position studies, (v) review and negotiation of legal documentation, (vi) discussions with external industry experts, and (vii) use of numerous additional internal and external information sources. Additionally, MCF assesses the appropriateness of each investment for each client.

RISK OF LOSS

In managing client accounts, MCF utilizes various investment strategies and methods of analysis. While MCF seeks to manage client accounts so that risks are appropriate to the return potential for respective strategies, it is not possible to fully mitigate all risks. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. The following considerations and other risks should be carefully evaluated before making an investment.

- *Market for Transactions and Financing:* The business of identifying and structuring debt transactions is highly competitive between capital providers and involves a high degree of market and transaction uncertainty. MCF may not be able to identify suitable investment opportunities to satisfy its clients' investment objectives.

The financial markets have experienced substantial fluctuations in prices and liquidity for levered loans in the past. Any disruption in the credit and other financial markets may have negative effects on general economic conditions, as well as on the operating performance and the availability of capital for entities in which MCF's clients invest. These conditions may also result in increased default rates and credit downgrades and affect the liquidity and pricing of instruments in which MCF's clients invest.

- *Risk of Private Debt and Equity Investments:* Private debt and equity investments involve a high degree of financial risk. Investments made by MCF for its clients may not be profitable and losses may occur. Private debt may not be repaid by the issuer and a liquid market may not exist for these obligations. Therefore, MCF may not

realize its clients' rate of return objectives, and there may not be a return of capital to clients.

- *Debt – Credit and Interest Rate Risks:* Credit risk refers to the likelihood that a borrower will default in the payment of principal and/or interest. Financial strength and solvency of a borrower are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of a loan, and securities and other debt instruments that are rated by rating agencies may be downgraded. Interest rate risk refers to the risks of market changes in interest rates. Interest rate changes may affect the value of debt.
- *Debt - Assignments and Participations:* On behalf of its clients, MCF may invest in loans either directly (by purchase from the borrower or by assignment) or indirectly (by way of a participation interest). Holders of participation interests are subject to additional risks not applicable to a holder of a direct interest in a loan, such as credit risk of the counterparty, lack of voting rights, and lack of direct enforcement rights in connection with a loan default.
- *Global Investments:* Although it typically does not, MCF may invest client assets in the debt, loan or other securities of issuers located outside the United States. In addition to business uncertainties, political, social and economic uncertainty affecting a country or region may affect these investments. Many financial markets are not as developed or as efficient as those in the United States. As a result, the liquidity of these securities may be lower and price volatility may be higher compared with securities from domestic issuers. The legal and regulatory environment may also be different, particularly as to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information for such companies. These investments may also result in losses because of exchange rate fluctuations.
- *Leverage:* MCF may invest client assets in a manner that would subject clients to the financial risk of leverage. Levered portfolio investments have increased exposure to risks, including adverse fluctuations in interest rates, downturns in the economy and the inability to refinance debt as it matures.
- *Valuation Policy and Risks:* Many of the client assets invested by MCF are in investments that are not publicly traded. Investments in unaffiliated funds and privately held equities are carried at cost unless a decline in fair value is deemed other than temporary in which case it is written-down to fair value. This valuation reflects significant events that affect the values of the investments. The types of factors that MCF may take into account generally include, as appropriate, a comparison to publicly traded instruments, including yield, maturity and measures of credit quality; the enterprise value of a portfolio company; the nature and

realizable value of any collateral; the portfolio company's ability to make payments; its earnings and discounted cash flow; the markets in which the portfolio company does business; and other relevant factors. The values determined by MCF are for reporting purposes only and there is no guarantee that such values represent amounts that could be realized upon the sale or other liquidation of an investment.

- **Diversification Risks**: While MCF seeks to appropriately diversify the investments in its client portfolios, its mandates are focused on a limited segment of the potential investment universe. Clients should not consider a portfolio managed by MCF as a complete investment program, and are responsible for appropriately diversifying their overall investment portfolio to guard against the risk of loss.
- **Illiquidity Risk**: Commercial loans and related debt and equity investments are relatively illiquid investments and involve a high degree of risk. As such, an investment in a private fund, CLO vehicle, or separately managed portfolio managed by MCF should be considered only by persons financially able to maintain their investment for a prolonged length of time and who can afford a loss in such investment.

It is not possible to identify all of the risks associated with investing, and the particular risks applicable to each client account will depend on the nature of the account, its investment strategy and the types of investments held in the account. Clients should understand that they could lose some or all of their investments and should be prepared to bear the risk of such potential losses.

ITEM 9: DISCIPLINARY INFORMATION

MCF is required to disclose all material facts regarding any legal or disciplinary events that would be material to a decision to hire MCF for advisory services. There are no legal or disciplinary events involving MCF that are material to MCF's advisory business or to the management of any client account to report at this time.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

MCF is part of a group of affiliated companies engaged in various financial service businesses. In certain cases, MCF has business arrangements with its related companies that are material to its advisory business or to its clients. These material business arrangements are described below.

SHARED SERVICES AMONG AFFILIATES

While MCF maintains autonomous investment processes, it may leverage the resources and services of its affiliates, including Madison Capital, NYL Investors, and New York Life, for certain key functions, including certain compliance and other support functions. Under this

structure, certain compliance and other support functions within MCF are supported by the infrastructure within these affiliated entities, including the implementation of MCF's Rule 206(4)-7 Compliance Program.

INVESTMENT ADVISERS

As noted above, MCF leverages the resources of NYL Investors, a subsidiary of New York Life and an affiliated investment adviser registered with the SEC (File No. 801-78759), for certain compliance and other support functions. Certain officers of NYL Investors may serve as officers MCF.

In addition, in rare instances, MCF may receive publicly-traded securities as a result of a stock distribution, an ongoing public transaction, or through a bankruptcy restructuring. If MCF elects to dispose of these publicly-traded securities, it may use the services of NYL Investors to sell the securities on MCF's behalf. When this occurs, NYL Investors will execute the transactions consistent with seeking to obtain best price and execution.

BROKER-DEALERS

NYLIFE Distributors LLC ("NYLIFE Distributors") is an affiliate of MCF, is registered with the SEC as a broker-dealer (File No. 8-46655), and is a member of FINRA. NYLIFE Distributors may serve as a placement agent for certain private investment funds managed by MCF, and certain registered representatives of NYLIFE Distributors may sell interests in such private investment funds to investors. For these services, MCF may pay placement fees to NYLIFE Distributors. None of MCF's employees are registered with FINRA nor do they receive transaction-based compensation for selling private investment funds. MCF does not use the services of affiliated broker-dealers in executing securities transactions for MCF's clients.

POOLED INVESTMENT VEHICLES

MCF serves as investment manager to certain private investment funds that are exempt from registration as investment companies under the Investment Company Act of 1940. Certain of MCF's employees and affiliates may invest in certain of these private investment funds, and their associated management vehicles, and may share in certain associated performance-based compensation (including as carried interest).

INSURANCE COMPANIES

MCF is an indirect wholly-owned subsidiary of New York Life. MCF benefits from the financial strength and stability of New York Life, which was founded in 1845 and is the largest mutual life insurer in the United States. New York Life and certain of its subsidiaries invest in certain private investment funds managed by MCF. MCF is also a party to a service agreement with New York Life, under which New York Life and its affiliates provide certain services to MCF, including legal, compliance, and other services for which MCF is billed.

MADISON CAPITAL

MCF is a wholly-owned subsidiary of Madison Capital, a commercial finance company.

Madison Capital's commercial finance business is primarily funded through revolving loans from New York Life and certain of its subsidiaries. MCF draws upon Madison Capital's expertise in commercial lending by focusing its investment advisory services on the management of portfolios of commercial loans and related debt and equity investments, and by utilizing the services of key officers of Madison Capital as officers of MCF. In addition, many of the investments held in MCF clients' portfolios were originated by Madison Capital, or have been acquired by Madison Capital, and are held in Madison Capital's own portfolio and/or in the portfolio of other New York Life affiliates. Compensation paid to Madison Capital as a result of additional services that Madison Capital may provide to the borrower, such as a structuring fee, an arrangement fee, a documentation fee, or an administrative fee, will not be passed on to MCF clients' portfolios. Many of the related debt and equity investments held in MCF clients' portfolios are also associated with loans held in Madison Capital's own portfolio and/or in the portfolio of other New York Life affiliates. In some cases, loans and related debt and equity investments may be acquired from or sold to Madison Capital or other New York Life affiliates. New York Life and its affiliates, including Madison Capital, may also invest in the private investment funds and CLO vehicles managed by MCF.

Employees of MCF and/or its affiliates may serve on boards of directors or executive committees, or in other management capacities, at companies in which advisory clients invest, either directly or indirectly. Serving in such a capacity may expose such employees, and by association MCF and its advisory clients, to certain limitations on the ability to trade the securities of the issuer company and to certain conflicts of interest. As a result of such service, an employee may become aware, from time to time, of material non-public information about the company in which advisory clients invest, and the employee's knowledge is likely to be attributed to MCF or its affiliates and the advisory clients. Therefore, an advisory client's ability to trade the securities of such company may become substantially restricted, and an advisory client's ability to buy and sell such securities may be limited to such times as company insiders are permitted to do so. Such limitations may cause advisory clients to forgo sales that they would otherwise make, thereby potentially exposing the advisory clients to losses, or to forgo purchases, thereby potentially exposing advisory clients to lost opportunities. MCF, its affiliates, and the advisory clients may also be subject to Section 16 of the Securities Exchange Act of 1934, as amended, including the disclosure requirements, the restrictions on purchases and sales, and the disgorgement of profits in certain circumstances. An employee serving as a director of a company owned, directly or indirectly, by an advisory client may also face a conflict between the fiduciary duties owed by such employee to the advisory client and the duties owed to such company. In such circumstances, an employee may act in ways that are in the best interests of such company but not the advisory client. MCF maintains internal compliance policies that are

intended to minimize the negative effects of such conflicts if they arise, and intends to prevent employees from taking such positions when, in MCF's determination, the potential risks to the advisory client outweigh the potential benefits. However, there can be no assurance that permitting the board membership of an employee will not result in less favorable results for the advisory clients than if the employee was not permitted to serve in such capacity.

Officers and employees of MCF may have close relationships with senior executives of public or private companies, or of private equity sponsor firms that may own or seek to acquire such companies. Such senior executives could seek to exert influence on MCF to invest in such companies or may give MCF information that is not publicly known. Thus, MCF, its officers, or employees might receive material non-public information with respect to such publicly-traded or private companies which could restrict its advisory clients from trading in such companies for an extended period of time.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

CODE OF ETHICS AND PERSONAL TRADING

MCF has a fiduciary relationship with its clients which requires that MCF and its officers and employees place the interests of clients first and foremost. As such, the Code of Ethics (the "Code") covers all officers and employees and sets forth guidelines that promote ethical conduct generally. In addition to the Code's policies regarding personal securities trading, the Code requires all employees to follow policies and procedures relating to the conduct standards of the Code including: conflicts of interest, inside information and information barriers, gifts and entertainment, personal political contributions, and selective disclosure of mutual fund portfolio holdings. A copy of the Code is available upon request. Relevant contact information appears on the cover page of this brochure.

While MCF's officers and employees are permitted to engage in personal securities transactions, MCF recognizes that these transactions may raise potential conflicts of interests. This is particularly true when they involve securities owned by, or considered for purchase or sale for, a client account.

MCF addresses potential conflicts of interests in the Code by requiring that, with regard to investments and investment opportunities, MCF's officers' and employees' first obligation is to its clients. The Code requires that all officers and employees adhere to the highest duty of trust and fair dealing. In addition, all officers and employees must conduct their personal securities transactions in a manner that does not interfere with any client's portfolio transactions, or take inappropriate advantage of an officer's or employee's relationship with a client.

The Code covers all MCF officers and employees, and all officers and employees are considered “Access Persons” under the Code. Access Persons are defined as officers or directors or persons who have access to non-public information regarding any client's purchase or sale of securities, or information regarding the portfolio holdings of any client account advised by MCF. Specifically, all MCF officers and employees:

- Subject to certain exceptions, may not purchase or sell “Covered Securities” without pre-clearance through the Compliance Department. Covered Securities include all securities except: (i) direct obligations of the US Government; (ii) bankers’ acceptances; (iii) bank certificates of deposit; (iv) commercial paper; (v) high quality short term investments, including repurchase agreements; (vi) interests in qualified state college tuition programs; and (vii) shares issued by open end investment companies.
- May not profit from the purchase and sale or sale and purchase of the same Covered Security within 60 days.
- May not trade in securities of issuers that appear on MCF’s restricted list.
- May not trade while in possession of material, non-public information.
- May not engage in short-term trading (the purchase and sale or sale and purchase within 30 days) of any MainStay Fund.
- Must complete and keep current an annual Conflicts of Interest Questionnaire concerning any potential conflicts.
- Must adhere to restrictions regarding the receipt and giving of gifts and entertainment.
- May not purchase securities in initial public offerings or in connection with private placements except with the express written prior approval of MCF’s Chief Compliance Officer.
- May not participate in Investment Clubs.
- Must file quarterly reports and certifications of covered trading activity.

Additionally, MCF has adopted the *New York Life Investment Management Holdings LLC Information Barrier Policy* and the *New York Life Investments Inside Information and Information Barrier Policies and Procedures* in order to contain material, nonpublic information within each of MCF and its separate investment advisory affiliates, prevent the misuse of inside information, and prevent the coordination of investment decisions among the investment advisory affiliates by restricting the flow of issuer-specific information. MCF

believes this separation of information is in the best interest of advisory clients as it permits MCF to pursue the investment objectives of clients without reference to limitations resulting from investment activities of investment advisory affiliates. In the event such information is shared, appropriate controls are placed around the information in order to limit any potential conflicts of interest.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

In the ordinary course of providing its investment advisory services, MCF may invest client assets in securities or other investments that are also held by Madison Capital and other New York Life affiliates; other MCF advisory accounts; or private investment funds, CLO vehicles or separately managed accounts in which MCF or its affiliates or their respective officers and employees have an ownership or economic interest. Most of the loans held in MCF clients' portfolios were originated by Madison Capital. In its capacity as originator of loans, Madison Capital may be provided with the opportunity to hold or obtain related equity co-investments which may only be held in affiliated accounts or other accounts formed to make such investments (i.e. co-investment funds) or which include equity as a primary investment objective. MCF may also invest, on behalf of its advisory clients, in the same or different securities or instruments of issuers in which these same entities have an ownership interest as a holder of the debt, equity or other instruments of the issuer. Finally, there may be instances where loans held by Madison Capital are subsequently allocated to MCF's clients.

MCF has a conflict of interest in connection with these transactions since investments by its advisory clients may benefit MCF and its affiliates, officers and employees by potentially increasing the value of the investments held in the issuer. Any investment by MCF on behalf of its advisory clients will be consistent with applicable law, MCF's fiduciary obligations to act in the best interests of its advisory clients and such clients' investment objectives.

MCF may permit certain of its officers and employees to invest in private investment funds advised by MCF or its affiliates and share in the performance-based fees (also known as carried interest) received by MCF or its affiliates from such funds. When an officer or employee is responsible for both the portfolio management of the private investment fund and other MCF advisory accounts, such person has a conflict of interest in connection with investment decisions since the person may have an incentive to direct the best investment ideas, or to allocate trades, in favor of the fund in which he or she is invested or otherwise entitled to share in the carried interest received.

Portfolio managers for MCF or its affiliates are often responsible for the day-to-day management of multiple accounts, including separately managed accounts, private investment funds and proprietary accounts of MCF and its affiliates. The potential for material conflicts of interest exist whenever a portfolio manager has responsibility for the day-to-day management of multiple advisory accounts. As noted above, these conflicts may

be greater if a portfolio manager is responsible for managing a proprietary account for MCF or its affiliates or when MCF and/or an affiliate has an investment in one or more of such accounts or an interest in the performance of one or more of such accounts through the receipt of a fee.

CONFLICTS OF INTEREST – ALLOCATION POLICY

To address the potential conflicts of interest associated with the allocation of investments across multiple client accounts, MCF adopted an *Investment Practices and Allocation Policy*. This policy requires MCF to treat each of its advisory clients in a manner consistent with its fiduciary obligations and prohibits MCF from favoring any particular account because of the ownership or economic interests of MCF, its affiliates, or employees. The policy seeks to ensure that the allocation of investment opportunities across accounts is fair and equitable over time, and is consistent with applicable laws, rules, and regulations that may apply to MCF based on the nature of its clients. Under the policy, a percentage of each investment is offered to accounts determined by MCF to be eligible. Such investment opportunities are generally allocated pro rata among eligible accounts based on the permitted investment size for each account. The pro rata allocation of investments may be modified by MCF should factors such as funding availability and liquidity, client yield requirements, portfolio duration, legal or regulatory considerations, risk or concentration parameters, fund-specific governing constraints, or other similar factors necessitate such modification. In the event the total available amount of the allocable investment is less than the aggregate amount originally recommended for each client, each account will receive a pro-rated distribution based on the respective account's commitment size and availability, subject to adjustments in order to avoid de minimis allocations.

To the extent that certain investment opportunities are permissible and appropriate for two or more accounts but are limited in size such that allocation to all eligible accounts would result in de minimis allocations, MCF will allocate such investment opportunities on a rotational basis to ensure that all client accounts, over time, have fair and equitable access to investment opportunities.

ITEM 12: BROKERAGE PRACTICES

When acquiring interests in commercial loans and related debt and equity securities and providing private financing, MCF generally does not utilize brokers to execute transactions on behalf of clients. MCF's clients may receive publicly traded equity securities as a result of a restructuring, an ongoing public transaction, or through a bankruptcy proceeding. If MCF elects to dispose of such publicly-traded securities for its clients, it will execute the transaction in a manner that it believes is in the best interests of its clients.

MCF may use its affiliated investment adviser, NYL Investors, to sell the securities on its behalf. When this occurs, NYL Investors will execute the transactions consistent with seeking to obtain best price and execution pursuant to its trading and best execution

procedures. In certain instances when securities must have restrictive legends removed or be deposited with a clearing agency in order to be tradable, MCF may determine that it is in the best interest of its clients to use a third party broker who will facilitate and accelerate the process.

MCF does not currently participate in any soft dollar relationships with other firms for research or any other service. MCF also does not engage in any directed brokerage arrangements with any of its clients at this time.

ITEM 13: REVIEW OF ACCOUNTS

CLIENT ACCOUNT MONITORING

MCF monitors and manages client accounts on an on-going basis as warranted by developments with respect to the investments held in the accounts and provides reports to clients regarding their accounts, as detailed below in the client reporting section. MCF also monitors the investment pipeline in aggregate and individually for each client account based on the aforementioned *Investment Practices and Allocation Policy* on a weekly or daily basis depending on the volume of potential transactions. The investment pipeline is monitored for each client account in accordance with the investment guidelines set forth in each client's investment management agreement to verify that each client account is in compliance with these guidelines and to determine which potential investments are appropriate for each account. Additionally, on a monthly basis, a comprehensive review is performed to compare investments across each client account to verify that investment guidelines and allocation policies are being followed based on the transactions executed by MCF.

The nature and frequency of credit reviews of underlying assets in each client account vary depending on the performance and outlook of each underlying asset, with performing companies typically receiving quarterly examinations and troubled companies receiving more frequent supervision.

Performing assets are generally defined by positive trends and financial compliance. Portfolio managers complete quarterly reviews of each performing asset based primarily on information provided by the owners and CFOs of individual companies. In addition, annual audited financial statements are generally required from each portfolio company. The monitoring of each underlying asset within every client account allows MCF to ensure compliance with applicable investment guidelines.

Troubled investments are generally defined by negative trends, negative outlook, and financial covenant violations. Portfolio managers monitor troubled investments on a frequent basis, anywhere from monthly to daily, depending on the severity of the issues. Typical responsibilities of portfolio managers of troubled investments include reviewing cash flow forecasts, financial statements, covenant compliance certificates, and availability

certificates, interacting with management and third party consultants, and restructuring the terms of the debt.

CLIENT REPORTING

MCF provides comprehensive reports to its clients periodically based on the reporting schedule agreed upon with each client. Typically, clients receive reporting no less frequently than quarterly, and MCF may supplement these reports with more frequent reports or discussions. Such reports generally contain performance results, a comprehensive asset listing, and any commentary deemed appropriate regarding investment strategy and outlook. MCF also provides separate specialized reports as agreed with individual clients.

MCF also reviews client portfolios monthly to reconcile internal records of clients' account holdings with those of the respective custodian bank. In addition, on a daily basis, MCF's operations department reviews client accounts to reconcile cash balances. In the event of an error in a client account, MCF attempts to identify, research, and correct the error as soon as practicable. The client is made whole for any losses resulting from an error while any gains realized would remain in the client account.

COMPLIANCE OVERSIGHT

The Chief Compliance Officer of MCF is responsible for the oversight and maintenance of the compliance function. MCF's compliance department is an extension of the New York Life corporate compliance department. Under this structure, certain compliance and other support functions within MCF are supported by the infrastructure within this department of New York Life, including the implementation of the compliance program. MCF acknowledges that compliance is the responsibility of all employees.

MCF is an investment adviser registered with the SEC under Section 203 of the Investment Advisers Act of 1940 (the "Advisers Act"). As such, MCF is required pursuant to Rule 206(4)-7 under the Advisers Act to have written policies and procedures in place to prevent and detect violations of the Advisers Act. MCF, with the assistance of New York Life's compliance department has established an assessment program in order to comply with Rule 206(4)-7 which covers all aspects of MCF's business. As part of this compliance program, the MCF compliance department maintains an assessment calendar which requires an assessment of each of MCF's policies and procedures at least annually. Testing criteria includes ongoing evaluations and tests of the effectiveness of MCF's compliance program including making a determination that MCF's compliance policies and procedures are operating adequately and are reasonably designed to prevent and detect violations of the federal securities laws. Testing criteria also include ensuring that each policy and procedure properly reflects current implementation practices and applicable rules and regulations. Procedures are revised as needed throughout the year to better reflect implementation practices or to reflect rule changes. The results of these reviews, including

procedural revisions that are made, are reported to MCF's Compliance Committee on a quarterly basis.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

MCF may enter into client referral arrangements with its affiliates or certain unaffiliated parties, subject to compliance with Rule 206(4)-3 under the Advisers Act. MCF does not have any referral arrangements in place at this time. However, MCF's parent company, Madison Capital, has a referral arrangement in place with one of its investment adviser affiliates, Private Advisers LLC, for referral of senior loan borrowers and private equity sponsors to Madison Capital.

ITEM 15: CUSTODY

MCF does not have direct custody of client funds or securities. All client accounts are maintained at qualified custodians, such as banks or broker-dealers that are chosen by the client. Clients receive account statements directly from their custodians. In addition, clients also receive account statements from MCF. When a client receives an account statement from MCF, the client is encouraged to compare it to the account statement that it received from the custodian. The two statements should be consistent.

In certain cases, MCF may be deemed to have indirect custody of a client's account due to MCF or its affiliate's role as a general partner or MCF's authority within a fund or CLO vehicle structure, which may allow MCF to deduct management fees directly from the account or otherwise have control over the disposition of account assets. When MCF is deemed to have indirect custody of a client's account, it complies fully with the custody rules under the Advisers Act. In such a case, we provide investors in the fund or vehicle with audited financial statements within 120 days from the end of the fiscal year. Investors should carefully review those statements. As a result, such a fund or CLO vehicle's custodian is not required to supply monthly account statements to investors, and MCF is not required to engage an independent public accounting firm to conduct an annual surprise audit of MCF's operation, as would otherwise be required by rules under the Advisers Act.

ITEM 16: INVESTMENT DISCRETION

For certain client accounts, MCF may have discretion to manage the account's investment on behalf of a client. Clients may impose restrictions on this discretion by, among other things, prohibiting the purchase of specific securities or other investments, or prohibiting investments within a specific industry. Clients may also restrict the use of certain broker-dealers to execute trades, or may restrict the amount of securities that can be bought or sold within the account.

Client imposed restrictions are detailed in the client's investment advisory agreement. Prior to commencing management of a new client account, MCF obtains all necessary

information to ensure that the account, including any relevant restrictions, is properly established.

ITEM 17: VOTING CLIENT SECURITIES

In the course of MCF's direct investing activities, it generally is not called upon to vote proxies on behalf of clients.

However, in the event that MCF is called upon to vote a proxy on behalf of a client, it has adopted *Proxy Voting Policies and Procedures* that are reasonably designed to ensure that where clients have delegated proxy voting authority to MCF, all proxies are voted in the best interest of such clients without regard to MCF's interests or those of its affiliates.

Where clients (whether private funds or separately managed accounts) have delegated authority to vote proxies to MCF, it will vote these proxies in accordance with the recommendation of Institutional Shareholder Services (ISS), which provides proxy research and voting recommendation services. For clients that have provided proxy-voting guidelines that are different from the ISS Guidelines, MCF will make voting determinations in accordance with such modified guidelines.

To override an ISS recommendation, one of MCF's portfolio managers must submit a written override request to MCF's chief compliance officer. MCF has procedures in place to review each such override request for potential material conflicts of interest between its clients, on the one hand, and MCF and its affiliates, on the other. The chief compliance officer may also refer override requests to the proxy voting committee, for appropriate resolution.

A copy of MCF's Proxy Voting Policy and information as to how proxies, if any, were voted is available upon request. Relevant contact information appears on the cover page of this brochure.

ITEM 18: FINANCIAL INFORMATION

At this time, MCF is not required to file a balance sheet for its most recent fiscal year because it does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. MCF has no financial condition that impairs its ability to meet contractual commitments to clients, and has never been the subject of a bankruptcy proceeding.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

MCF is not registered with any state securities authorities.