

This ADV brochure, dated March 28, 2018
provides information about the qualifications and business practices of:

MADISON CAPITAL FUNDING LLC
30 South Wacker Drive, Suite 3700
Chicago, Illinois 60606

If you have any questions about the content of this brochure please contact:

Kevin T. Medina
Chief Compliance Officer
Telephone Number: 212-576-5706
Facsimile Number: 212-576-5192
Kevin_Medina@newyorklife.com

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 Madison Capital Funding LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: SUMMARY OF MATERIAL CHANGES

Since our last annual update, filed March 31, 2017, there have been no material changes.

ITEM 3: TABLE OF CONTENTS

ADV Item #	Description	Page #
1	Cover Page.....	1
2	Summary of Material Changes.....	2
3	Table of Contents.....	3
4	Advisory Business.....	4
5	Fees and Compensation.....	5
6	Performance-Based Fees and Side-By-Side Management.....	6
7	Types of Clients.....	8
8	Methods of Analysis, Investment Strategies and Risk of Loss.....	8
9	Disciplinary Information.....	12
10	Other Financial Industry Activities and Affiliations.....	12
11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	14
12	Brokerage Practices.....	19
13	Review of Accounts.....	19
14	Client Referrals and Other Compensation.....	21
15	Custody.....	21
16	Investment Discretion.....	22
17	Voting Client Securities.....	22
18	Financial Information.....	23
19	Requirements for State-Registered Advisers.....	23

ITEM 4: ADVISORY BUSINESS

OWNERSHIP STRUCTURE AND HISTORY

Madison Capital Funding LLC (“Madison Capital” or the “Firm”) is a premier finance company, organized in 2001, which focuses primarily on the corporate financing needs of private equity sponsors in the middle market by providing enterprise-value, leveraged financing for acquisitions, recapitalizations, management buyouts and leveraged buyouts.

Madison Capital organized MCF Capital Management LLC (“MCF”) as a wholly-owned subsidiary in 2009, in order to leverage Madison Capital’s expertise in financial lending and offer third party clients investment advisory services focusing on the management of portfolios of middle market loans, as well as related mezzanine debt and equity investments. MCF became a registered investment adviser with the Securities and Exchange Commission (“SEC”) in 2012. On May 2, 2016, MCF was merged into Madison Capital, which now conducts the investment advisory business through its Investment Management Group (“IMG”). Upon completion of the merger, Madison Capital initially succeeded to the investment adviser registration of MCF, and filed its own registration with the SEC as an investment adviser on May 27, 2016. Madison Capital is headquartered in Chicago, Illinois.

Madison Capital is a wholly-owned subsidiary of New York Life Insurance Company, a mutual life insurance company (“New York Life”), and its subsidiary, New York Life Insurance and Annuity Corporation (“NYLIAC”). Within the New York Life organization, Madison Capital reports into New York Life Investment Management Holdings LLC (“NYLIM”), a subsidiary of New York Life.

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

ADVISORY SERVICES

Madison Capital provides investment advisory services to private investment funds, including collateralized loan obligation vehicles and other multi-investor funds, as well as single investor vehicles for institutional investors (collectively, “private funds”). Madison Capital focuses its investment advisory services on the management of portfolios of middle market loans, as well as related mezzanine debt and equity investments.

For Madison Capital's clients that are multi-investor private funds, Madison Capital manages each such private fund 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 private fund. Therefore, investors in any such private fund must consider whether the private fund meets their investment objectives and risk tolerance prior to investing. Information about each such private fund advised or managed by Madison Capital is contained

in its governing documents and offering memorandum, which is available to current and prospective investors through Madison Capital or another authorized party.

For Madison Capital's clients that are single-investor private funds, Madison Capital manages each such private fund in accordance with its investment objectives, strategies, restrictions and guidelines, which are incorporated into the governing documents of the private fund.

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

As of December 31, 2017, Madison Capital managed approximately \$2,186,400,000 of regulatory assets on a discretionary basis, and did not manage any assets on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

The following discussion represents basic compensation arrangements for Madison Capital. The fee arrangements with clients can vary depending on a variety of factors such as the structure of the fund or vehicle; the size of the account; the investment strategy; and the client strategy. Madison Capital 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*.

Compensation paid to Madison Capital as a result of services that Madison Capital may provide to a borrower as part of the loan origination process, such as an underwriting fee, a structuring fee, an arrangement fee, a documentation fee, a syndication fee, or an administrative fee, will not be passed on to Madison Capital clients' portfolios. Additionally, the transfer prices will not include an allocation of any such compensation paid to Madison Capital.

MANAGEMENT FEES AND PERFORMANCE FEES

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

Madison Capital may charge lower fees or waive fees for investment advisory and management services provided to certain affiliated private funds or with respect to certain affiliated investors in private funds advised or managed by Madison Capital.

Madison Capital's fees are typically paid quarterly in arrears, and are generally deducted from the assets of the private fund in accordance with the terms of the private fund's organizational documents. Upon termination of Madison Capital's investment management or investment advisory role for a private fund, any earned, unpaid fees would be due and payable.

OTHER EXPENSES ASSOCIATED WITH MADISON CAPITAL'S ADVISORY SERVICES

In addition to Madison Capital's management fees described above, clients of Madison Capital (and investors in private funds managed or advised by Madison Capital) 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, 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 funds managed by Madison Capital 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 private 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 private fund or otherwise withdraw from the private 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*, Madison Capital may receive performance-based fees. Madison Capital's performance-based fee arrangements are structured to comply with the requirements of the Investment 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 Madison Capital 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. Madison Capital 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 Madison Capital 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)
- Security level of debt instruments

To address the potential conflicts of interest associated with the allocation of investments across Madison Capital's own balance sheet and multiple client accounts, Madison Capital adopted an *Investment Practices and Allocation Policy*. This policy requires Madison Capital to treat each of its advisory clients in a manner consistent with its fiduciary obligations and prohibits Madison Capital from favoring any particular account because of the ownership or economic interests of Madison Capital, its affiliates, or employees. The policy seeks to ensure that the allocation of investment opportunities across Madison Capital's own balance sheet and each of its client accounts is fair and equitable over time, and is consistent with applicable laws, rules, and regulations that may apply to Madison Capital based on the nature of its clients. Under the policy, a percentage of each investment is offered to accounts determined by Madison Capital 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 Madison Capital 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 of Madison Capital's own desired hold size and the originally recommended amount for each client, Madison Capital and each account will receive a pro-rated distribution based on Madison Capital's desired hold size and each respective client account's originally recommended investment size, 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, Madison Capital will allocate such investment opportunities on a rotational basis which seeks to ensure that all appropriate accounts (including Madison Capitals' own balance sheet and each private fund), over time, have fair and equitable access to investment opportunities.

ITEM 7: TYPES OF CLIENTS

The private funds managed by Madison Capital are pooled investment vehicles, each having a distinct investment strategy. These private 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 Madison Capital in each case. Furthermore, private funds generally impose certain terms and conditions on their investors, as described in more detail in the private fund's offering materials or organizational 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 Madison Capital. Investors and other recipients should be aware that while this brochure may include information about a private fund, as necessary or appropriate, it is not a complete discussion of the features, risks or conflicts associated with the private fund. The private placement memorandum or other offering documents for each private fund contain more complete information about the private fund, and such offering documents may be provided to current and eligible prospective investors only by Madison Capital or another authorized party. This brochure is designed solely to provide information about the investment advisory services offered by Madison Capital 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 private fund. To the extent that there is any conflict between discussions herein and similar or related discussions in any private fund documents, the fund documents shall govern.

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

INVESTMENT PROCESS

Madison Capital primarily invests for its clients in senior secured loans made to middle market borrowers, as well as mezzanine debt and related equity investments. The senior secured loans held in Madison Capital 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 investments held in Madison Capital 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, Madison Capital invests in senior, second-lien, subordinated and unitranche debt, as well as preferred stock and co-investment equity. Madison Capital's goal is to provide investors with attractive returns that carry less risk than similarly-yielding alternatives. Generally, Madison Capital seeks for its clients carefully selected, appropriately structured, high quality investments at attractive yields.

To evaluate potential investments, Madison Capital 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 and regulatory 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;
- 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, expected yield, and relative value, among other factors. The goal of this process is to ensure that the investment's expected yield is appropriate for the risk. Further, Madison Capital seeks to prudently diversify client portfolios in order to limit exposure to any single company or any single industry, as mandated in certain client legal documents.

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

RISK OF LOSS

In managing client accounts, Madison Capital utilizes various investment strategies and methods of analysis. While Madison Capital 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. Madison Capital 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 Madison Capital'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 Madison Capital'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 Madison Capital 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, Madison Capital's clients may not realize their rate of return objectives, and may not receive a return of their invested capital.
- *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, Madison Capital 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, Madison Capital may invest client assets in the debt, loans 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:* Madison Capital 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:* Most of the client assets invested by Madison Capital are in investments that are not publicly traded and do not have a readily ascertainable public

market value. There is no guarantee that the values determined by Madison Capital represent amounts that could be realized upon the sale of any client investment.

Investments in senior secured loans that are performing are valued at the outstanding principal balance of the loan, less an allowance for potential loan losses and adjusted for amortization of premiums or discounts. Madison Capital uses a combination of objective and subjective criteria to evaluate each loan's potential loss, and the potential losses inherent in the overall portfolio of senior secured loans held by Madison Capital and its private funds, and to determine appropriate allowances for potential losses.

Valuation of impaired senior secured loans is determined on a loan-by-loan basis and is dependent on the type and availability of information for the specific loan. An impaired loan may be valued based on the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, the fair value of the collateral, or the enterprise value of the borrower. A loss reserve is established for the calculated impairment.

Investments in privately held equities and mezzanine securities are carried at cost unless an other than temporary decline in fair value is deemed to have occurred, in which case it is written-down to fair value. In such circumstances, a valuation is performed that reflects significant events that affect the values of the investments. The types of factors that Madison Capital may take into account generally include, as appropriate, a comparison to publicly traded instruments; the enterprise value of a portfolio company; the nature and realizable value of any collateral; the portfolio company's earnings and discounted cash flow; the markets in which the portfolio company does business; and other relevant factors.

- *Diversification Risks:* While Madison Capital seeks to appropriately diversify the investments in its client portfolios, its mandates are focused on a limited segment of the potential investment universe. Investors should not consider a portfolio managed by Madison Capital 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 managed by Madison Capital 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.
- *Technology and Cyber Security Risk:* Madison Capital is dependent on information technology, telecommunication and other operational systems, including both proprietary or internal systems and systems used or provided by third-party service providers (such as custodians, financial intermediaries, and other parties). These systems may become disabled or fail to operate properly as a result of events or circumstances wholly or partly beyond Madison Capital's or the third-party service provider's control. Further, despite implementation of a variety of risk management and security measures, Madison Capital's information technology and other systems, and

those of service providers, could be subject to unauthorized access or other security breaches, resulting in a failure to maintain the security, availability, integrity and confidentiality of data assets. Technology failures or cyber security breaches, whether deliberate or unintentional, including those arising from use of third-party service providers, could have a material adverse effect on Madison Capital's business and could result in, among other things, financial loss, reputational damage, regulatory penalties or the inability to transact business.

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

Madison Capital is required to disclose all material facts regarding any legal or disciplinary events involving the Firm or its management that would be material to a decision to hire Madison Capital for advisory services. The Firm is not aware of any legal or disciplinary events involving Madison Capital or its management that are material to the advisory business or to the management of any client account.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Madison Capital and its group of affiliated companies are engaged in various financial service businesses. In certain cases, these business arrangements may be material to Madison Capital's advisory business. These material relationships are described below.

SHARED SERVICES AMONG AFFILIATES

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

INVESTMENT ADVISERS

In rare instances, Madison Capital may receive publicly-traded securities as a result of a restructuring, a going-public transaction, or through a bankruptcy restructuring. If Madison Capital elects to dispose of these publicly-traded securities, it may use the services of certain of its affiliates to sell the securities on Madison Capital's behalf. When this occurs, the affiliate will execute the transactions consistent with seeking to obtain best price and execution.

Madison Capital has a service agreement in place with New York Life Investment Management LLC ("NYL Investments"), an affiliated investment adviser registered with the SEC (File No.

801-57396), under which NYL Investments' branch office in Korea may provide certain services including, but not limited to, market research, translation services, and client and investor relationship services. Fees paid by Madison Capital to NYL Investments for any such services are not charged to Madison Capital client accounts.

Madison Capital has a service agreement in place with the Japan branch of New York Life Investment Management Asia Limited (the "Japan Branch"), an affiliated investment adviser, under which the Japan Branch may provide certain services including, but not limited to, market research, translation services, client and investor relationship services, investment management services, and advisory services. Fees paid by Madison Capital to the Japan Branch for any such services are not charged to Madison Capital client accounts.

Madison Capital has a referral arrangement in place with Private Advisors, L.L.C. ("Private Advisors"), an affiliated investment adviser registered with the SEC (File No. 801-55696), under which Private Advisors may refer potential investment opportunities, including senior loan borrowers and private equity sponsors. Investments resulting from this arrangement may be included in Madison Capital's clients' portfolios. The due diligence and investment evaluation process performed by Madison Capital for each potential investment referred by Private Advisors will be consistent with all other potential investments obtained through unrelated parties. Fees paid by Madison Capital to Private Advisors for any referrals are not charged to Madison Capital client accounts.

Separately, Madison Capital has an agreement with Private Advisors under which Private Advisors acts as a non-discretionary investment advisor and provides assistance in sourcing and evaluating mezzanine investments and associated equity investments which may be suitable for certain Madison Capital client accounts. Private Advisors' fees for this service are paid by Madison Capital and are not charged to Madison Capital client accounts.

BROKER-DEALERS

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

POOLED INVESTMENT VEHICLES

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

INSURANCE COMPANIES

Madison Capital is a subsidiary of New York Life. Madison Capital 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. Madison Capital's finance business is primarily funded through equity and debt financing provided by New York Life and its subsidiary, NYLIAC. New York Life and certain of its subsidiaries invest in certain private funds managed by Madison Capital. Madison Capital is also a party to a service agreement with New York Life, under which New York Life and its affiliates provide certain services to Madison Capital, including legal, compliance, and other services for which Madison Capital is billed.

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

CODE OF ETHICS AND PERSONAL TRADING

Madison Capital has a fiduciary relationship with its investment advisory clients which requires that Madison Capital and its officers and employees place the interests of clients first and foremost. Madison Capital has adopted a Code of Ethics (the "Code") which 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 Madison Capital's officers and employees are permitted to engage in personal securities transactions, Madison Capital 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.

Madison Capital addresses potential conflicts of interests in the Code by requiring that, with regard to investments and investment opportunities, Madison Capital'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 Madison Capital 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 Madison Capital. Specifically, all Madison Capital 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 Madison Capital’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 Madison Capital’s Chief Compliance Officer.
- May not participate in Investment Clubs.
- May not trade in uncovered options on individual securities (i.e., trading in a position where the seller of an option contract does not own any, or enough, of the underlying security).
- Must, no later than 10 days after becoming an employee, submit an initial holdings and account report and certification as well as disclose all broker, dealer or bank accounts in which any securities (including Covered Securities) are held.
- Must file quarterly reports and certifications of covered trading activity.

Additionally, Madison Capital 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 Madison Capital 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. Madison Capital believes this separation of information is in the best interest of advisory clients as it permits Madison Capital 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

Most of the senior secured loans held in clients' portfolios were originated by Madison Capital and are held in Madison Capital's own portfolio, in the portfolios of other Madison Capital clients, and/or in the portfolio of other New York Life affiliates. New York Life and its affiliates, including Madison Capital, may also invest in the private funds managed by Madison Capital, including private funds that invest in the equity of certain borrowers.

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

Officers and employees of Madison Capital 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 Madison Capital to invest in such companies or may give Madison Capital information that is not publicly known. Thus, Madison Capital, 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.

Additionally, in rare instances, employees of Madison Capital 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 Madison Capital 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 Madison Capital 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.

Madison Capital, 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. Madison

Capital 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 Madison Capital'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.

Investors holding investments at different levels of the capital structure of a company may have conflicting interests, particularly in the event that the company suffers financial distress. Madison Capital generally does not invest in mezzanine investments for its own portfolio, but certain of Madison Capital's clients do make mezzanine investments in the form of second lien and subordinated loans and notes and related equity investments. To avoid potential conflicts, Madison Capital generally seeks to avoid holding both senior loans to and mezzanine investments in the same company across the portfolios of Madison Capital and various Madison Capital clients. When a potential borrower and its private equity sponsor seek both senior and mezzanine financing, Madison Capital, for its own account and for its client accounts, may offer both parts of the total financing, but ultimately will only provide one level of the financing, as elected by the borrower and its sponsor. When Madison Capital originates a unitranche loan (which is generally treated as a senior loan but may be bifurcated into separate senior and mezzanine tranches), it will not sell a portion of the senior tranche or the mezzanine tranche to any Madison Capital client unless it also sells 100% of the other tranche of the bifurcated unitranche loan to a third party. Therefore, certain Madison Capital clients may not be provided with certain otherwise favorable investment opportunities due to conflicting investments by Madison Capital and/or other Madison Capital clients.

In its capacity as originator of loans, Madison Capital may be provided with the opportunity to make related equity co-investments, which may only be held in affiliated accounts or other accounts formed to make such investments or which include equity as a primary investment objective (i.e., co-investment funds). Madison Capital clients may also invest in the loans made to, or other securities or instruments issued by, the companies issuing such equity investments. To the extent that any conflicts arise between the interests of the co-investment funds and the interests of any other Madison Capital clients, Madison Capital will seek to resolve such conflicts consistent with applicable law, Madison Capital's fiduciary obligations to act in the best interests of its advisory clients, and such clients' investment objectives.

Madison Capital maintains a Special Assets Team with direct oversight by Madison Capital's Chief Credit Officer, dedicated to the management of problem loan workouts and restructuring of underperforming loans. In restructuring situations, the Special Assets Team and IMG review the proposed terms and determine if it is appropriate for the advisory clients to participate in the restructuring. When a more comprehensive workout restructuring is necessary, the portfolio management interests of Madison Capital may not align with the interests of the advisory clients. In these instances, the Chief Credit Officer, with input from IMG on behalf of the advisory clients, will consider the interests of each party separately, and when necessary will make determinations for each party separately in their respective best interests. The rationale for all such decisions on behalf of each party will be documented in a single document drafted by the Special Assets Team and IMG and approved by the Chief Credit Officer.

Madison Capital may permit certain of its officers and employees to invest in private funds advised by Madison Capital or its affiliates and/or to share in the performance-based fees or carried interest received by Madison Capital or its affiliates from such private funds. When an officer or employee is responsible for both the portfolio management of the private fund and other Madison Capital 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 private fund in which he or she is invested or otherwise entitled to share in the performance based fees or carried interest.

Portfolio managers for Madison Capital or its affiliates are often responsible for the day-to-day management of multiple loans and accounts, including private funds and proprietary accounts of Madison Capital 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 Madison Capital or its affiliates or when Madison Capital 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 Madison Capital's own balance sheet and multiple client accounts, Madison Capital adopted an *Investment Practices and Allocation Policy*. This policy requires Madison Capital to treat each of its advisory clients in a manner consistent with its fiduciary obligations and prohibits Madison Capital from favoring any particular account because of the ownership or economic interests of Madison Capital, its affiliates, or employees. The policy seeks to ensure that the allocation of investment opportunities across Madison Capital's own balance sheet and each of its client accounts is fair and equitable over time, and is consistent with applicable laws, rules, and regulations that may apply to Madison Capital based on the nature of its clients. Under the policy, a percentage of each investment is offered to accounts determined by Madison Capital 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 Madison Capital 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 of Madison Capital's own desired hold size and the originally recommended amount for each client, Madison Capital and each account will receive a pro-rated distribution based on Madison Capital's desired hold size and each respective client account's originally recommended investment size, 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, Madison Capital will allocate such investment opportunities on a rotational basis which seeks to ensure that all appropriate accounts (including Madison Capital's own balance sheet and each private fund), over time, have fair and equitable access to investment opportunities.

ITEM 12: BROKERAGE PRACTICES

When acquiring interests in loans and related debt and equity securities and providing private financing, Madison Capital generally does not utilize brokers to execute transactions on behalf of clients.

Madison Capital's clients may receive publicly-traded equity securities as a result of a restructuring, a going-public transaction, or through a bankruptcy proceeding. If Madison Capital 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. Madison Capital may use the services of certain of its affiliates to sell the securities on its behalf. When this occurs, the affiliate will execute the transactions consistent with seeking to obtain best price and execution. In certain instances, such as when securities must have restrictive legends removed or must be deposited with a clearing agency in order to be tradable, Madison Capital may use a third party agent who will facilitate and accelerate the process.

Madison Capital does not currently participate in any soft dollar relationships with other firms for research or any other service. Madison Capital 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

Madison Capital 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. Madison Capital 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 or other governing legal documents 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 by Madison Capital's compliance department to compare investments across each client account to verify that investment guidelines and allocation policies are being followed based on the transactions executed by Madison Capital.

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 receiving quarterly examinations and troubled companies receiving more frequent supervision.

Performing assets are generally defined by positive trends and financial covenant compliance. Loan account managers complete quarterly reviews of each performing asset based primarily on information provided by the sponsor and finance department of individual portfolio companies. In addition, annual audited financial statements are required from each portfolio

company. The monitoring of each underlying asset within every client account allows Madison Capital to ensure compliance with applicable investment guidelines.

Troubled investments are generally defined by a combination of negative trends, negative outlook, and financial covenant violations. Loan account managers monitor troubled investments on a frequent basis, anywhere from monthly to daily, depending on the severity of the issues.

Typical responsibilities of loan account managers of troubled investments include an enhanced review of cash flow forecasts, financial statements, covenant compliance certificates, and availability certificates, as well as interacting with management and third party consultants, and restructuring the terms of the debt. In addition to ongoing portfolio review, Madison Capital maintains a Special Assets Team with direct oversight by Madison Capital's Chief Credit Officer, dedicated to the management of problem loan workouts and restructuring of underperforming portfolio accounts. These portfolio accounts are discussed with the Chief Credit Officer with updates presented to Madison Capital's Investment Committee during regularly scheduled weekly meetings. Increased account management, operational, and funding protocols are applied to such credits. In restructuring situations, the Special Assets Team and IMG review the proposed terms and determine if it is appropriate for the advisory clients to participate in the restructuring based upon funding availability and liquidity, client yield requirements, portfolio duration, legal or regulatory considerations, deal risk or concentration parameters, fund-specific governing constraints, or other similar factors. If the terms are not considered appropriate for an advisory client, Madison Capital will not vote on behalf of that client in favor of the proposal.

CLIENT REPORTING

Madison Capital provides comprehensive reports to its clients periodically based on the reporting schedule agreed upon with each client. Clients receive reporting no less frequently than quarterly, and Madison Capital 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. Madison Capital also provides separate specialized reports as agreed with individual clients.

Madison Capital 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, Madison Capital's operations department reviews client accounts to reconcile cash balances. In the event of an error in a client account, Madison Capital attempts to identify, research, and correct the error as soon as practicable. The client is made whole for any losses resulting from an error by Madison Capital, while any gains realized would typically remain in the client account.

COMPLIANCE OVERSIGHT

The Chief Compliance Officer of Madison Capital is responsible for the oversight and maintenance of the compliance function. Madison Capital's compliance department is an extension of the New York Life corporate compliance department. Under this structure, certain compliance and other support functions within Madison Capital are supported by the

infrastructure within this department of New York Life, including the implementation of the compliance program. Madison Capital believes that compliance is the responsibility of all employees.

Madison Capital is an investment adviser registered with the SEC under Section 203 of the Advisers Act. As such, Madison Capital 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. Madison Capital, with the assistance of New York Life's corporate compliance department, has established an assessment program in order to comply with Rule 206(4)-7 which covers all aspects of Madison Capital's business. As part of this compliance program, the Madison Capital compliance department maintains an assessment calendar which requires an assessment of each of Madison Capital's policies and procedures at least annually. Testing criteria include ongoing evaluations and tests of the effectiveness of Madison Capital's compliance program, including making a determination that Madison Capital'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 Madison Capital's Compliance Committee on a quarterly basis.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Madison Capital 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. Madison Capital does not have any client referral arrangements with unaffiliated parties in place at this time, but does have service agreements in place with certain of its affiliates that may result in client referrals. Fees paid by Madison Capital to its affiliates for any referrals are not charged to Madison Capital client accounts. For further information regarding Madison Capital's client referral arrangements with its affiliates, please refer to *Item 10: Other Financial Industry Activities and Affiliations*.

ITEM 15: CUSTODY

Madison Capital 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, certain clients also receive account statements from Madison Capital. When a client receives an account statement from Madison Capital, 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, Madison Capital may be deemed to have indirect custody of a client's account due to Madison Capital or its affiliate's role as a general partner or Madison Capital's authority within a private fund structure, which may allow Madison Capital to deduct management fees directly from the account or otherwise have control over the disposition of account assets. Additionally, Madison Capital may be deemed to have indirect custody of a client's account when Madison Capital or an affiliate acts as agent in certain loan syndication arrangements. In

such a case, we provide investors in the private fund with the private fund's audited financial statements within 120 days from the end of each fiscal year. Investors should carefully review those financial statements. In any circumstances where Madison Capital may be deemed to have custody of client assets, Madison Capital seeks to comply with the custody rule under the Advisers Act.

ITEM 16: INVESTMENT DISCRETION

For certain client accounts, Madison Capital may have discretion to manage the account's investments 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 or other governing legal documents. Prior to commencing management of a new client account, Madison Capital 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 Madison Capital's direct investing activities on behalf of clients, it generally is not called upon to vote proxies on behalf of clients.

However, in the event that Madison Capital 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 Madison Capital, all proxies are voted in the best interest of such clients without regard to Madison Capital's interests or those of its affiliates.

Where clients have delegated authority to vote proxies to Madison Capital, 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, Madison Capital will make voting determinations in accordance with such modified guidelines.

To override an ISS recommendation, one of Madison Capital's portfolio managers must submit a written override request to Madison Capital's Chief Compliance Officer. Madison Capital has procedures in place to review each such override request for potential material conflicts of interest between its clients, on the one hand, and Madison Capital 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 Madison Capital'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, Madison Capital 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. Madison Capital 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

Madison Capital is not registered with any state securities authorities.