

Item 1 Cover Page



Monroe Capital Management Advisors, LLC

Form ADV Part 2A Firm Brochure

This Brochure (the “Brochure”) provides information about the qualifications and business practices of Monroe Capital Management Advisors, LLC (“MC Management,” the “Firm,” “we,” “us” or “our”). If you have any questions about the contents of this Brochure, please contact us at (312) 258-8300. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about MC Management also is available on the SEC’s website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for MC Management is 157073.

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

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Brochure prepared on March 31, 2021

Item 2 Material Changes

This Brochure contains updated information about MC Management's business since the last annual update dated March 30, 2020. This section of the Brochure will address only those "material changes" that have been incorporated since the last annual delivery of this document on the SEC's public disclosure website (IAPD). Because there have been no material changes to MC Management's business, there are no material changes in this updated Brochure; however, we have provided updates on our business and enhanced disclosures regarding the following items:

- Item 4. Advisory Business. Revisions and enhanced disclosure to Advisory Business, specifically regulatory assets under management as of December 31, 2020.
- Item 6. Performance-Based Fees and Side-By-Side Management. MC Management provides enhanced disclosures regarding Fees and Expense Allocations.
- Item 8. Methods of Analysis, Investment Strategies and Risk of Loss. Updates to Certain Risk Factors under Item 8. MC Management enhanced disclosures pertaining to "Risk Retention Rules"; and "Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues". Additionally, MC Management added two (2) new risk factors: "Uncertain Economic, Social and Political Environment"; and "Material, Non-Public Information; Other Regulatory Restrictions".
- Item 15. Custody. MC Management provides disclosures pertaining to senior loans held in advisory clients' portfolios that are originated or otherwise sourced by MC Management or its affiliates are typically funded by a loan syndicate organized by MC Management. Further, in Item 15, MC Management affirmatively note the implementation of measures to comply with the Custody Rule requirements as set forth in the *Madison Capital* No-Action Letter.

MC Management will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, this Brochure may be requested by contacting Mr. David H. Jacobson, Chief Compliance Officer at (312) 258-8300 or info@monroecap.com.

Additional information about MC Management is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with MC Management who are registered, or are required to be registered, as investment adviser representatives of MC Management.



IMPORTANT NOTE ABOUT THIS DISCLOSURE BROCHURE

This Disclosure Brochure is not:

- *an offer or agreement to provide advisory services to any person*
- *an offer to sell interests (or a solicitation of an offer to purchase interests) in any Issuer*
- *a complete discussion of the features, risks or conflicts associated with any Issuer*

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), MC Management provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in a private pooled investment vehicle, together with other relevant governing documents, such as the private pooled investment vehicle’s private placement memoranda or offering circular, prior to, or in connection with, such persons’ investment in the private pooled investment vehicle.

Although this publicly available Brochure describes investment advisory services and products of MC Management, persons who receive this Brochure (whether or not from MC Management) should be aware that it is designed solely to provide information about MC Management as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant governing documents. More complete information about each private pooled investment vehicle is included in relevant governing documents, certain of which may be provided to current and eligible prospective investors only by MC Management. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant governing documents shall govern and control.



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Item 4 Advisory Business

Firm Background

MC Management is a Delaware limited liability company that was formed in February 2007 for the purpose of providing discretionary portfolio management and investment advisory services to pooled investment vehicles. MC Management, its affiliated entities and advisory clients are headquartered in Chicago, Illinois. MC Management has six additional offices located in Atlanta, Boston, Dallas, Los Angeles, New York and San Francisco. MC Management is wholly owned by Monroe Capital Investment Holdings, L.P., which is majority owned and controlled by its general partner, Monroe Management Holdco, LLC (“MM Holdco”), a Delaware limited liability company, that is indirectly majority owned by Messrs. Theodore L. Koenig and Michael J. Egan through intermediate holding companies. The officers and senior management team of MC Management and its affiliated entities include: Theodore L. Koenig, as President and Chief Executive Officer; Michael J. Egan, as Vice Chairman and Chief Credit Officer; Thomas C. Aronson, as Vice Chairman and Head of Originations; Jeremy T. VanDerMeid, as Managing Director; Aaron D. Peck, as Managing Director; Zia Uddin, as Managing Director; Alexander Franky, as Managing Director; R. Sean Duff, as Managing Director; James Cassidy, as Managing Director and Chief Operating Officer; Caroline B. Davidson, as Managing Director; Karina B. Stahl, as Managing Director; Kyle A. Asher, as Managing Director; Brad A. Bernstein, as Managing Director; Scott A. Marienau, as Chief Financial Officer; David H. Jacobson, as Chief Compliance Officer; and Peter T. Gruszka, as General Counsel (collectively, the “Senior Management Team”).

With respect to certain affiliated pooled investment vehicles which are advisory clients, MC Management provides discretionary portfolio management and investment advisory services through five (5) relying advisers which include, (i) Monroe Capital Management, LLC (“Monroe Capital Management”); (ii) Monroe Capital Asset Management LLC (“MC Asset Management”); (iii) Monroe Capital CLO Manager LLC (“MC CLO Manager”); (iv) Monroe Capital Partners Fund Advisors, Inc. (“MC Partners Fund Advisors”); and (v) Monroe Capital Partners Fund II Advisors, Inc. (“MC Partners Fund II Advisors” and, together with Monroe Capital Management, MC Asset Management, MC CLO Manager and MC Partners Fund Advisors, the “Relying Advisers”). The Relying Advisers are registered with the SEC as investment advisers relying on MC Management’s investment adviser registration with the SEC pursuant to Rule 203A-2(b) of the Advisors Act and the SEC’s Division of Investment Management staff guidance issued in a no-action letter dated January 18, 2012, in response to the American Bar Association’s request for interpretive guidance (the “ABA No-Action Letter”). Unless otherwise stated, any reference made to MC Management includes the Relying Advisers hereinafter.

MC Management does not act as a general partner of any of its affiliated pooled investment vehicles. Instead, certain of MC Management’s affiliates, including Monroe Capital Partners Fund LLC, Monroe Capital Partners Fund II, LLC, Monroe Capital Private Credit Fund I LLC, Monroe Capital Private Credit Fund II LLC, Monroe Capital Private Credit Fund III LLC, Monroe Capital Private Credit Fund VT LLC, Monroe Capital Senior Secured Direct Loan Fund LLC, Monroe FCM Direct Loan Fund LLC, Monroe Private Credit Fund A LLC, Monroe Capital Fund GP S.à r.l., Monroe (NP) U.S. Private Debt Fund GP Ltd., Monroe Capital Opportunistic Private Credit Fund LLC, Monroe Capital Opportunistic Private Credit GP S.à r.l., Monroe Capital Private Credit Fund IV GP LLC and Monroe Capital Private Credit Fund IV GP S.à r.l., serve as general partners to one or more of the pooled investment vehicles and have delegated exclusive investment advisory and other authority with respect to such pooled investment vehicles to MC



Management. See *Item 10 – Other Financial Industry Activities and Affiliations* of this Brochure for more information regarding the MC Management’s affiliated entities.

Advisory Services

MC Management provides discretionary portfolio management and investment advisory services to pooled investment vehicles. MC Management’s investments include loans to middle market companies located primarily in North America that require financing to fund a corporate event such as a buyout, recapitalization, ownership transfer, sourcing of expansion and growth capital or refinancing. MC Management primarily pursues transactions in such middle market companies by investing in senior and junior secured and unsecured loans, unitranche loans and other asset-based loans, leasing loans, receivables loans, consumer loans, mezzanine loans, stressed and distressed debt, investment and non-investment grade credit, structured debt and equity, warehouse loan facilities, securitized debt and subordinated notes of collateralized loan obligations and other types of securitized debt tranches.

As stated above, MC Management provides discretionary portfolio management and investment advisory services to pooled investment vehicles whose investors include large institutions and high net worth individuals, including but not limited to, state and local pensions, corporate pensions, endowments and foundations, insurance companies, regional banks and family offices. Such privately-offered pooled investment vehicles include collateralized loan obligations (the “CLO Funds”), private investment funds, single investor funds and other U.S. and non-U.S. structured investment vehicles (collectively, the “Private Funds”). The CLO Funds and the Private Funds are collectively referred to herein as the “Funds” or the “Clients”.

Pursuant to an investment management agreement, collateral management agreement or other similar governing agreement (the “Management Agreement”), each Fund’s respective general partner or director (the “General Partner”), has engaged MC Management to provide origination, acquisition, asset management, and other administrative services to each respective Fund in accordance with each Fund’s respective private placement memorandum, offering memorandum, offering circular, limited partnership agreement, indenture or other similar disclosure and governing documents (collectively, the “governing documents”). MC Management’s investment advisory services consist of, but are not limited to, managing each Fund’s portfolio of investments, including sourcing, selecting, and determining investments in each Fund, monitoring investments by each Fund and executing transactions on behalf of each Fund in accordance with the investment objectives, policies and guidelines set forth in each respective Fund’s governing documents. Accordingly, MC Management’s investment advisory services to the Funds is not tailored to the individualized needs or objectives of any particular Fund investor. An investment in a Fund by an investor does not, in and of itself, create an advisory relationship between the investor and MC Management. Investors are not permitted to impose restrictions or limitations on the management of any Fund. The General Partner of a Fund reserves the right to enter into side letter agreements or arrangements with one or more investors in a Fund that alter, modify or change the terms of the interests held by such investors.

Information about each Fund, and the particular investment objectives, strategies, restrictions, guidelines and risks associated with an investment, is described in each respective Fund’s governing documents, which are made available to investors only through MC Management or another authorized party. Since MC Management does not provide individualized advice to investors (and an investment in a Fund does not, in and of itself, create an advisory relationship between the investor and MC Management), investors must consider whether a particular Fund meets their investment objectives and risk tolerance prior to investing.



MC Management has, and may in the future, tailor its advisory services to the individual needs of single investor fund (“SIF”). MC Management may agree with a SIF to manage such SIF’s assets against a particular benchmark or pursuant to an investment management agreement, which include provisions related to management fees, investment strategy, investment guidelines, termination rights, proxy voting and sub-adviser, if applicable. SIFs should be aware, however, that certain restrictions can limit MC Management’s ability to act and as a result, the SIF’s performance may differ from and may be less successful than that of other Clients’ accounts managed by MC Management.

Prospective clients and prospective client investors must consider whether a particular MC Management advisory relationship is appropriate for their own circumstances based on all relevant factors including, but not limited to, the prospective client’s own investment objectives, liquidity requirements, tax situation and risk tolerance. Prospective clients are strongly encouraged to undertake appropriate due diligence including, but not limited to, a review of governing documents relating to the proposed investment program for the SIF and to investigate additional details about MC Management’s investment strategies, methods of analysis and related risks, before making an investment decision or committing to a service provided by MC Management. See *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* of this Brochure for a more detailed discussion on investment strategies and the risks involved with such strategies.

ALL DISCUSSION OF THE FUNDS IN THIS BROCHURE, INCLUDING BUT NOT LIMITED TO ITS INVESTMENTS, THE STRATEGIES USED IN MANAGING THE FUNDS, AND CONFLICTS OF INTEREST FACED BY MC MANAGEMENT IN CONNECTION WITH THE MANAGEMENT OF THE FUNDS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE RESPECTIVE FUND’S GOVERNING DOCUMENTS.

Wrap Fee Disclosure

MC Management does not participate in or sponsor any wrap fee programs.

Regulatory Assets Under Management

As of December 31, 2020, MC Management managed approximately \$9,973,968,039 of advisory assets, of which all were on a discretionary basis and none were on a non-discretionary basis. The SEC has adopted a uniform method for advisers to calculate assets under management for regulatory purposes which it refers to as an adviser’s “regulatory assets under management.” Regulatory assets under management are generally an adviser’s gross assets, i.e., assets under management without deduction for outstanding indebtedness or other accrued but unpaid liabilities. MC Management reports its regulatory assets under management in Item 5 of Part 1 of Form ADV which you can find at www.adviserinfo.sec.gov.



Item 5 Fees and Compensation

In consideration for MC Management's advisory and other services, MC Management and/or certain of its affiliates generally are entitled to receive management fees, and is also permitted to receive performance allocations, with respect to the Funds. While the fees and compensation applicable to each Fund are described in detail in the applicable governing documents, side letters and/or fee agreements, an overview of MC Management's basic fee schedule is summarized below. A potential investor should read and review all governing documents in their entirety before making any investment decisions.

Fee Schedules

Private Funds (Other than CLO Funds)

Management Fees: In consideration for its advisory services to the Private Funds, MC Management receive a "Management Fee" from each respective Private Fund. The specific payment terms and other conditions of the Management Fees available to MC Management are set forth in the applicable Private Fund's governing documents, side letters and/or fee agreements. The Management Fees are generally a percent of the Private Funds' investors aggregate capital commitments or a percent of the Private Funds' total invested capital, on the appraisal date, payable quarterly or monthly in arrears or in advance. Management Fees are generally paid to MC Management in one of two ways: by deducting such fees from the applicable Private Fund or directly billing the Private Fund. Upon the termination of MC Management's Investment Management Agreement with a Private Fund, MC Management will refund to the Private Fund the pro-rated portion of any Management Fee already received by the Private Fund for the period following the effective date of such termination.

MC Management and its affiliates will benefit from MC Management's relationship with and its receipt of Management Fees from the Private Funds. Such Management Fees and relationship will enhance the value of MC Management, and the Private Fund investors (other than those Private Fund investors holding direct or indirect interests in MC Management) will not participate in any increase in the value of MC Management.

Performance-Based Compensation: The General Partner for each respective Private Fund is permitted to receive "Performance-Based Fees" (*e.g.*, carried interest) in connection with the management of the Private Fund. The specific payment terms and other conditions of the Performance-Based Fees available to a General Partner are set forth in the applicable Private Fund's governing documents, side letters and/or fee agreements. Generally, Performance-Based Fees payable to the applicable General Partner is payable quarterly, annually or more frequently in arrears. All Performance-Based Fee payable to the General Partners of the Private Funds will be consistent with the requirements of Section 205 of the Advisers Act and Rule 205-3 thereunder.

Performance-Based Fees payable to a General Partner on investment gains may create an incentive for the General Partner's affiliate, MC Management, to cause the Private Fund to make investments that are riskier or more speculative than would be the case if a performance-based compensation arrangement were not in effect. The Performance-Based Fees may create an incentive for MC Management to time investments, and the realization of investments, so as to maximize Performance-Based Fees rather than the returns of the Private Fund.



As of the date of this Brochure, MC Management manages twenty-one (21) Private Funds, including their respective feeder funds, for which it receives Management and Performance-Based Fees.

CLO Funds

As compensation for its services as the collateral manager to the CLO Funds, MC Management generally receives a Senior Management Fee, a Subordinated Management Fee and an Incentive Management Fee (collectively, the “Collateral Management Fees”). The Senior Management Fee has a higher priority in a CLO Fund payment waterfall whereas the Subordinated Management Fee generally ranks below principal and interest payments to senior note holders in the payment waterfall. MC Management will generally earn a Subordinated Management Fee if over-collateralization and interest coverage tests have been satisfied for all senior CLO Fund note holders. The Senior Management Fees and Subordinated Management Fees are typically paid by the CLO Fund or its respective trustee quarterly in arrears, in accordance with its governing documents. Incentive Management Fees are typically paid later in a CLO Fund’s tenor by the CLO Fund or its respective trustee in arrears if specific internal rates of return thresholds are achieved. Please consult the CLO Fund’s applicable governing documents for additional information regarding such Collateral Management Fees.

As of the date of this Brochure, MC Management manages ten (10) CLO Funds for which it receives Collateral Management Fees.

The applicable General Partner and/or MC Management generally has the unilateral discretion to waive or modify the application of certain provisions of the governing documents for a Private Fund with respect to an investor (including those related to fees, performance allocations, transparency, and withdrawals) without obtaining the consent of any other investor. The applicable General Partner of a Private Fund may, in its sole discretion, charge lower Management Fees and/or Performance-Based Fees or waive account minimums based on certain factors the General Partner deems relevant. However, the applicable General Partner may be limited in its ability to negotiate fees due, in part, to existing side letters and/or fee agreements, which require equivalent pricing. Under the terms of these agreements, the General Partner is generally required to charge equivalent pricing.

The General Partner of a Fund has, and may in the future, enter into side letter agreements or arrangements with one or more investors in a Fund that alter, modify or change the terms of the interests held by such investors, providing revised economic terms, including, but not limited to, distribution provisions with respect to such limited partner that differ from those described in the Fund’s governing documents. A conflict may arise where some Fund investors receive more favorable overall economic terms and other Fund investors will not participate in such terms.

A Private Fund’s governing documents generally permit MC Management or its respective General Partner to charge and deduct Management Fees and/or Performance-Based Fees (collectively, “Advisory Fees”) directly from the assets of the Private Fund, at the times and in the amounts set forth in such governing documents. The ability of MC Management to deduct Advisory Fees for SIFs may be negotiable. Collateral Management Fees, with respect to the CLO Funds, are paid to MC Management at the times and in the amounts set forth in the respective CLO Fund’s governing documents by directly billing (*e.g.*, invoicing) the CLO Fund’s respective trustee.



Advisory Fees for the Private Funds are generally payable on a quarterly or monthly basis and may be payable in advance or in arrears in accordance with the terms of the applicable governing documents. Collateral Management Fees for the CLO Funds are generally payable on a quarterly basis in arrears in accordance with the terms of the applicable governing documents.

Clients have the right to terminate MC Management's advisory services in accordance with the terms of the applicable governing documents and/or Investment Management Agreement. Upon termination of such agreement with any Client who has paid in advance, MC Management will refund to such Client the pro-rata portion of any advance payment based on the number of days remaining in the billing period after the date of termination, provided that nothing else was specified in the respective Client's governing documents and/or Investment Management Agreement.

From time to time, a Fund managed by MC Management may purchase an interest in another Fund managed by MC Management, provided that the sale or purchase is consistent with MC Management's fiduciary obligations to each such Fund and that such sale or purchase is consistent with the investment policies, guidelines, and objectives of each such Fund's general investment strategy as per each such Fund's governing documents. Fund investors should be aware that, while MC Management endeavors at all times to act in the best interests of all of its Clients, MC Management receipt of compensation from each of the Funds and the contribution of additional capital by a Fund to another Fund may create potential conflicts of interest. In certain circumstances, MC Management may choose to lower or wave (or rebate back) the Advisory Fees or Collateral Management Fees of a Fund investing in another Fund by the amount of Advisory Fees or Collateral Management Fees applicable to the Fund's investment in such other Fund.

Other Fees and Expenses

Organizational Expenses: Each Client, subject to its governing documents, will typically pay or otherwise bear its organizational expenses, subject to a specified expense cap which may vary from Client to Client. Any organizational expenses in excess of the specified expense cap will be borne by the applicable General Partner (or its equivalent) or offset against Management Fees. Such organizational expenses generally may include legal, accounting, filing, capital raising, placement agent fees, travel, accommodation, meal and other similar fees, costs and other expenses (collectively, the "Organizational Expenses").

Operating Expenses: Each Client, subject to its governing documents, will typically pay or otherwise bear all of the direct and indirect fees, costs, expenses and other liabilities or obligations resulting from or arising in connection with its operations (collectively, the "Operating Expenses"). The Operating Expenses of a particular Client are set forth in its governing documents and/or through side letters and may include, without limitation, the following fees, costs and expenses related to or arising from: investment expenses (*i.e.*, expenses that MC Management reasonably determines to be related to the acquisition, holding and disposition of the Client's assets, such as due diligence expenses, brokerage fees and commissions, expenses relating to clearing and settlement charges, custodial fees, bank service fees, interest expenses, taxes and expenses related to proposed investments that are not consummated), investment-related travel expenses, insurance expenses, legal expenses, professional fees (including, without limitation, expenses of consultants and experts) relating to investments, indemnification expenses of the Client, investor communication expenses, all unreimbursed out-of-pocket expenses of the Client relating to unconsummated transactions (including legal, accounting and consulting expenses), legal expenses, internal and external accounting expenses (including the cost of accounting software packages), auditing expenses, fees relating to the preparation of financial and tax reports, investor reports, portfolio valuations and tax returns of the Client, fees and expenses of any administrator or other service provider to the Client,



interest, fees and expenses arising out of all permitted borrowings made by the Client, clearing and settlement charges, bank services fees, the costs of any litigation or threatened litigation, director or officer liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the Client, all costs and expenses incurred in connection with the dissolution, liquidation and winding-up of the Client or any portfolio company investment, any sales or other taxes, fees or other governmental charges levied against the Client and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Client, costs and expenses (including travel-related expenses) of hosting annual or special meetings for the Client's investors, or otherwise holding meetings or conferences with investors, expenses of the Client's advisory board (including the costs of any counsel or other advisors engaged by the Client's advisory board) and all other expenses of the Client.

The foregoing categories of fees, costs, expenses and other liabilities shall be Organizational Expenses and Operating Expenses, respectively, regardless of whether the person or entity providing or performing the service or output giving rise to such fees, costs, expenses or other liabilities is associated with the Client (such as the General Partner (or similar person) of such Client, MC Management or any of its respective affiliates) or is a third party. Any person associated with the Client is entitled to reimbursement from such Client or its portfolio investment for any Operating Expenses or Organizational Expenses paid and/or incurred by them on behalf of such Client. MC Management has discretion to seek reimbursement for Organizational Expenses and Operating Expenses and may choose not to seek reimbursement from certain Clients. In addition, if any service provider provides services to a Client on the premises of MC Management or its affiliates, such Client may also be responsible for any overhead, rent or other fees, costs, and expenses charged by MC Management or its affiliates in connection with the on-site arrangement.

All fees, costs and expenses incurred by MC Management's employees for travel, accommodations, meals, events, entertainment and other similar fees, costs and expenses are subject to MC Management's Travel & Expense Reimbursement Policies.

Not all Clients will be subject to the same fees, costs and expenses. The Organizational Expenses and Operating Expenses listed above may vary from Client to Client and not all Clients will be subject to the same Organizational Expenses and Operating Expenses. Please reference the applicable Client's governing documents for additional information regarding such Organizational Expenses and Operating Expenses. Similarly, a Client may also seek to negotiate terms, including fees and expenses payable to MC Management, through the negotiation of the applicable governing documents or through side letters and/or fee agreements.

Allocation of Expenses: MC Management and its affiliates from time to time incur fees, costs and expenses on behalf of more than one Client or multiple Clients. To the extent such fees, costs and expenses are incurred for the Client or benefit of more than one Client, each Client will typically bear an allocable portion of any such fees, costs, and expenses generally in proportion to the size of its investment in the activity or entity to which the expense relates (subject to the terms of each Client's applicable governing documents) or in such other manner as MC Management considers fair and equitable under the circumstances. MC Management endeavors to allocate such fees, costs and expenses on a fair and equitable basis over time.



Transaction Fees and Management Fee Offsets

MC Management and its affiliates may be entitled to receive cash and non-cash director's fees, investment banking fees, financial consulting fees, closing fees, collateral monitoring fees, debt placement fees and other similar fees paid by portfolio companies to MC Management, a General Partner or any of their respective affiliates or any of their respective partners or employees. In particular, affiliates of MC Management will be entitled to receive origination or arrangement fees received by affiliates of MC Management from portfolio companies in connection with the origination of loans or arrangement of credit facilities. In addition, a Client's General Partner may appoint from time to time "Affiliated Service Providers" to act as the servicers of portfolios of assets owned by the Client and to provide certain other services to the Client or collateral management, collateral administration and collateral monitoring services to portfolio companies. These services will be provided pursuant to servicing agreements between the Client or a portfolio company and the Affiliated Service Providers that generally will provide for the payment of servicing fees.

The Management Fee will be reduced by 100% of a Client's *pro rata* share of any director's fees, commitment fees, investment banking fees, financial consulting fees, break-up fees, termination fees, closing fees and other similar fees related to the origination, syndication and servicing of a portfolio investment, in each case received by the General Partner, MC Management or any of their respective affiliates (other than a Client) or any of their respective partners or employees, in connection with or otherwise attributable to the consummation, holding or disposition of a portfolio investment or the termination of a proposed but unconsummated investment prior to such time (in each case, net of any related direct expenses, and in each case only to the extent such fees are related to investments of a Client); provided, that the Management Fee shall not be reduced or offset by all or any portion of (a) any fees paid to Monroe Credit Advisors LLC for investment banking, debt placement or advisory services described in more detail below to potential and existing portfolio investments of a Client, (b) any fees or other compensation paid to MC Management or one of its affiliates in connection with securitized products by investors other than a Client or (c) any fees paid to Affiliated Service Providers. Credits will be applied against the Management Fee otherwise payable in the quarterly period that follows receipt of such fees by the General Partner or its affiliates, or by any partners or employees of the General Partner or its affiliates, and, if necessary, will be carried forward to future quarterly periods. In each instance, the amount of any fees subject to offset shall be net of any direct expenses relating thereto (including expenses incurred in the process of earning such fees).

The Management Fee shall not, however, be reduced or offset to the extent that any such fees are related to investments managed for other client accounts or third parties (*i.e.*, a non-Client investment).

Monroe Credit Advisors, LLC (together with its successors, "Monroe Credit Advisors") is a debt placement firm providing advisory services to various middle market borrowers seeking predominately debt capital solutions, a portion of which company is owned indirectly by certain of the senior management employees of MC Management, but not actively managed by such senior management employees (other than Theodore L. Koenig). A Client's General Partner may, with the prior approval of its investors or advisory board, execute an investment transaction on behalf of the Client where Monroe Credit Advisors is engaged by a potential borrower (*i.e.*, a portfolio company). In such a case, Monroe Credit Advisors will earn a fee paid by the borrower upon successful completion of the transaction. In such circumstances, the General Partner believes that Monroe Credit Advisors occupies a role similar to other third-party debt placement firms and is being compensated in a manner consistent with industry standards. In addition, it is understood that (i) MC Management and its affiliates may establish one or more Joint Venture Companies (defined below)



with one or more third parties for the purpose of sourcing proprietary investment opportunities and (ii) a Client may make investments in such Joint Venture Companies; provided, that a Client's investors or advisory board has waived (or prescribed standards and procedures to address) any conflict of interest related to such investment. "Joint Venture Company" means any joint venture entity established by an affiliate of MC Management with one or more third parties for the purpose of sourcing proprietary investment opportunities.

Sales-Based Compensation

MC Management nor any of its supervised persons accepts compensation for the sale of securities or other investment products. This practice presents a conflict of interest and gives MC Management or its supervised persons an incentive to recommend investment products based on the compensation received, rather than on a particular Client's needs.



Item 6 Performance-Based Fees and Side-By-Side Management

As discussed in Item 5 above, each respective Fund's General Partner generally receives Performance-Based Fees (*e.g.*, carried interest or incentive fees) in connection with the management of the Fund. The specific payment terms and other conditions of the Performance-Based Fees available to a General Partner are set forth in the applicable Fund's governing documents, side letters and/or fee agreements. The receipt of Performance-Based Fees from Funds may create an incentive for MC Management to make riskier or more speculative investments on behalf of Funds than they might otherwise make in the absence of such Performance-Based Fees. Performance-Based Fees may also incentivize MC Management to overvalue assets in order to increase the amount of its Performance-Based Fees. The performance on which Performance-Based Fees are calculated may, in certain circumstances, include unrealized appreciation and depreciation of investments that may not ultimately be realized and as a result may create an incentive for MC Management to time investments, and the realization of investments, so as to maximize Performance-Based Fees rather than the returns of the Fund.

Similarly, MC Management charges Management Fees to Funds that vary. Different Management Fees may incentivize MC Management to dedicate increased resources and allocate more profitable investment opportunities or best investment ideas to Funds who are charged Management Fees (or Performance-Based Fee arrangements) that are more profitable for MC Management. Further, MC Management may be incentivized to allocate investment opportunities to Funds who either pay carried interest or a higher carried interest percentage to their respective General Partners or to Funds whose current performance does not require them to reimburse investors for losses attributable to prior unprofitable investments before distributing carried interest to their General Partners.

Performance fees are only charged to "qualified clients" in accordance with Rule 205-3 under the Advisers Act. In the future, not all compensation arrangements will necessarily include a performance component, and the rate and nature of the calculation of performance compensation and bonuses may vary.

SPECIFIC CONFLICTS OF INTEREST AND MC MANAGEMENT'S PRACTICES DESIGNED TO MITIGATE SUCH CONFLICTS OF INTEREST

Like all investment advisers who advise multiple accounts or funds having different fee structures, MC Management and its personnel face actual and potential conflicts of interest, including an incentive to favor those Funds in which MC Management or its personnel have greater pecuniary interests over other Funds managed by MC Management. Such conflicts of interest and MC Management's practices that are designed to mitigate such conflicts of interest are discussed below. As a general matter, MC Management addresses such conflicts by following a thorough, detailed, and consistent investment decision-making process and by regular reviews of investments by MC Management's investment staff.

- **Allocation of Investments.** MC Management may have incentive to allocate investment opportunities based on pecuniary interest. MC Management and its personnel will face a conflict of interest when considering how to allocate limited investment opportunities among Funds having different fee structures or pecuniary interests, including Funds in which an affiliate is an investor. Through its relevant policies and procedures, MC Management seeks to promote fair and equitable treatment of the Funds (including the allocation of investment opportunities), over time, based on considerations that are unrelated to pecuniary interests.



- **Compensation of MC Management and its Personnel.** MC Management and its personnel may have an incentive to take on more risk when compensation is based on performance: The receipt of performance-based compensation and the payment of bonuses relating to performance of Funds may create an incentive to make riskier investments than might be made in the absence of performance-based compensation, as such compensation generally allows participation in gains in excess of exposure to losses. On the other hand, performance-based compensation encourages an alignment of long-term investment interests between the Funds and MC Management. Moreover, performance-based compensation may be subject to mechanisms designed to ensure that prior losses are recouped and/or a certain level of gains is achieved before any performance-based compensation accrues, such as loss carry forwards, hurdle rates, and/or high water marks. Furthermore, as discussed in more detail in Item 13 of this Brochure, MC Management reviews the portfolios of the Funds that it advises on a regular basis to monitor risk levels. In addition, engaging in high risk investment practices that cause adverse performance will have a negative impact on the receipt by MC Management of performance-based compensation and the receipt of discretionary bonuses paid to portfolio managers.
- **Performance-Based Fees for MC Management and Valuations.** When MC Management's compensation is based on the value or performance of investments, MC Management has an incentive to value a position at a price higher than it might otherwise be valued or to accelerate or defer realizations. To the extent that performance allocations may be based on increases in the net assets of a Fund, MC Management's compensation would be based upon unrealized appreciation as well as realized appreciation. This means that MC Management may be compensated on performance that is ultimately not realized if positions decrease in value and are subsequently sold at a loss. The potential for inflated valuation of positions is increased when such positions are illiquid or otherwise lack a readily ascertainable market value. MC Management seeks to mitigate this conflict by valuing assets in accordance with its valuation policy, which is reasonably designed to assure that valuations are performed in a consistent and thorough manner that insulates the conflict. In general MC Management considers the views of outside experts, including third-party valuation firms, in determining the value of illiquid or other hard to value assets. MC Management further seeks, on a best effort basis, to receive third party valuations from broker/dealers for investment holdings of the Funds managed by MC Management.
- **Cross-Transactions.** Should MC Management engage in cross-transactions, it may have an incentive to favor Funds in which it has a greater pecuniary interest: MC Management may, from time to time, enter into cross-transactions between the various Funds it advises. MC Management will conduct such transactions in accordance with policies to promote fairness to all participating Funds (*e.g.*, by assuring that an appropriate price is assigned to the security being crossed). Where required by law or the governing documents for a Fund, cross transactions are subject to the Fund's investors or advisory board consent prior to settlement. Information about said transaction, including the nature of the rebalancing transaction, the price at which it will be effected and MC Management's position as principal, if applicable, are provided to allow the Fund's investors or advisory board to determine whether or not to consent.
- **Fees and Expense Allocations.** Subject to any relevant restrictions or other limitations contained in the governing documents, MC Management will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion.

- **Other Conflict Mitigation Practices.** Many of the conflicts resulting from Performance-Based Fees and side-by-side management are mitigated by MC Management’s relevant policies and procedures. As a general principle, MC Management requires that potential conflicts of interest be addressed by placing the Fund’s interests before personal or proprietary interests. MC Management has also instituted policies to promote fair treatment of Funds based on considerations unrelated to pecuniary interests to ensure that, wherever possible and over time, opportunities are allocated in a fair and equitable manner.

Item 7 Types of Clients

As discussed in Item 4 of this Brochure, MC Management provides discretionary portfolio management and investment advisory services to large institutions and high net worth individuals, including but not limited to, state and local pensions, corporate pensions, endowments and foundations, insurance companies, regional banks and family offices mainly through privately-offered pooled investment vehicles, SIFs and CLOs.

Each Fund's minimum investment amount is stated in each respective Fund's governing documents. Each Fund's respective General Partner may waive the applicable minimum at their discretion. In addition, MC Management reports its minimum investment limits required of an investor for each Fund in Schedule D, Section 7.B.(1) – Private Fund Reporting of Part 1 Form ADV, which is available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for MC Management is 157073.

Generally, investors participating in the Funds are required to meet certain suitability and net worth qualifications, such as being either (i) an “accredited investor” within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act of 1933, as amended (the “Securities Act”) and that, in each case, are also a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “1940 Act”); or (ii) a non-U.S. person in accordance with the requirements of Regulation S under the Securities Act and applicable eligibility requirements of the respective Fund; and (iii) in accordance with any other applicable law. As such, the Funds, MC Management manages are exempt from registration as an investment company through the exemption provided by Section 3(c)(7) of the 1940 Act.



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

The following is a summary of the investment strategies and methods of analysis employed by the MC Management on behalf of Clients. This summary should not be interpreted to limit in any way MC Management's investment activities. MC Management may offer any advisory services, provide advice with respect to any investment strategies and make any investments, including those that may not be described in this Brochure, that MC Management considers appropriate, subject to each Client's investment objectives and guidelines. Specific descriptions of such strategies and methods are included in each Client's governing documents. In the case of separate accounts managed by MC Management, the investment strategies and methods of analysis employed on behalf of each managed account will be set forth in the Investment Management Agreement between the managed account and MC Management or in other related documents. There can be no assurance that the investment objectives of any Client will be achieved.

Methods of Analysis

Idea Generation: MC Management's deal origination professionals identify new investment opportunities generally through MC Management's proprietary national, regional and local network of industry relationships formed throughout the past two decades. MC Management has full-time origination employees in seven offices located in the following cities: Chicago, Atlanta, Boston, Dallas, Los Angeles, New York City and San Francisco. The origination platform consists of dedicated senior professionals who average over 20 years of experience. MC Management's origination platform is comprised of not only regional coverage in North America, but also specialists in several large industries such as healthcare, technology, media, and retail and consumer products and a vertical that is focused on specialty finance transactions. MC Management's origination team makes it a point to attend local trade meetings, regional conferences and middle market focused organization events throughout the United States. Additionally, MC Management has substantial relationships with strategic bank partners, including many regional banks. Certain of strategic bank partners are existing investors in one or more Clients and provide financing to one or more Clients. Accordingly, there is a strong incentive for deal flow from these bank referral sources due to the reciprocal benefits they receive from their relationship with MC Management. Not only can they become an investor in, or lender to, a Client, but they also have the opportunity to provide working capital financing to portfolio companies through asset-based revolving loan facilities or to provide the first-out portion of a unitranche loan facility originated by MC Management or its affiliates. In addition, MC Management provides most deposit and operating accounts of portfolio companies to its strategic bank partners.

Active Investor and Operating Approach to Value Creation: Prior to making an investment on behalf of Clients, MC Management will conduct a comprehensive financial and operational underwriting process to determine the factors likely to impact ongoing performance by portfolio companies or a proposed restructuring or recapitalization process. This analysis will include the following:

- **Due Diligence** – MC Management utilizes well-defined credit and underwriting criteria and proprietary investment management tools. Standard due diligence items will include in-person meetings with senior management and company owners, onsite visits, and detailed calls with key customers and suppliers. MC Management will also utilize third-party accounting firms to conduct quality of earnings analyses, special purpose accounting reviews, asset and enterprise value appraisals, management background checks on senior company management, field audits and business plan reviews. As part of this detailed process, MC Management will utilize best in class



vendors (such as external legal counsel, field examiners and asset appraisals) in order to promote consistency and efficiency.

- **Strategic Planning** – MC Management will be actively involved in identification, development and execution of various strategies for portfolio companies.
- **Executive Development** – MC Management will draw on its network of relationships to assist in the recruiting and developing the management of portfolio companies, as needed.
- **Capital Formation** – MC Management will draw on its relationships in the banking, finance, private equity, investment banking and capital markets to assist portfolio companies in capital sourcing, as needed.
- **Defining and Establishing Clear Exit Criteria** – MC Management will establish a pre-defined exit strategy based on varying estimates of the borrower's future cash flows prior to making an investment and will seek to exit an investment once the exit criteria have been met.

Participation in Clients is only suitable for investors who have knowledge and expertise in financial and business matters and are capable of evaluating the merits and risks of an investment in a Client. The acquisition of interests or shares in a Client and the investments made by the Clients are highly speculative and may involve the risk of total loss of an investor's capital.

Investment Strategy

Each Client's investment strategy is outlined in its applicable governing documents. MC Management's objective is to achieve attractive risk-adjusted returns across all economic cycles. MC Management's investment approach is value oriented, focusing on industries in which it has considerable knowledge and emphasizing downside protection and the preservation of capital. Clients principally seek to make debt investments that offer a compelling risk/reward, are undervalued by the markets and/or are priced at attractive yields. MC Management seeks to achieve this objective by primarily pursuing opportunities to make loans to, and invest in, middle market companies located in North America that require financing to fund a corporate event such as a buyout, recapitalization, ownership transfer, sourcing of expansion and growth capital or refinancing. MC Management's seeks to provide investors with access to a well-selected, transparent and diversified portfolio of otherwise hard to access private credit investments in such middle market companies. MC Management pursues such middle market companies by making directly originated and/or broadly syndicated loans to middle market companies through investments in senior and junior secured and unsecured loans, unitranche loans and other asset-based loans, leasing loans, receivables loans, consumer loans, mezzanine loans, stressed and distressed debt, investment and non-investment grade credit, structured debt and equity, warehouse loan facilities, securitized debt and subordinated notes of collateralized loan obligations and other types of securitized debt tranches. MC Management develop its investment strategies based upon the following distinguishing characteristics:

- (i) *Integrated Business Model with Strong Credit Expertise.* MC Management and its affiliates rely on MC Management's partners' active participation in, and experience with, credit markets to gain understanding of transaction sourcing, investing, operating and exit opportunities. As an integrated business, MC Management's structured credit fixed income, structured debt and securitized product businesses are operated on an integrated investment platform with no information barriers.



- (ii) *Flexible Approach to Investing Across Market Cycles.* MC Management has consistently invested capital throughout economic cycles by focusing on opportunities that it believes are often overlooked by other investors. Its expertise in credit markets, focus on core industry sectors, and investment experience allows MC Management to respond quickly to changing environments. MC Management pays close attention to the cycles that the core industry sectors are experiencing and is opportunistic in entering and exiting investments when the risk/reward profile is in MC Management's favor.

Client strategies involve a high degree of uncertainty. The possibility of partial or total loss of capital will exist in connection with such strategies, and investors should not invest unless they can readily bear the consequences of such loss.

Risk of Loss

The following risk factors are those generally applicable to MC Management's Clients. MC Management's Clients principally invest in senior and junior secured and unsecured loans, unitranche loans and other asset-based loans, leasing loans, receivables loans, consumer loans, mezzanine loans, stressed and distressed debt, investment and non-investment grade credit, structured debt and equity, securitized debt and subordinated notes of collateralized loan obligations and other types of securitized debt tranches, and warehouse loan facilities (including facilities sponsored by or managed by affiliates of MC Management) and the material risks involved in investing in these types of securities are discussed below. However, additional risk factors, including risk factors that are specific to a particular Client's investment strategy, may be described in each Client's applicable governing documents.

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

Substantial Fees and Expenses. Clients typically pay Management Fees, Organizational Expenses and Operating Expenses as set forth in their governing documents, whether or not they make any profits. While it is difficult to predict the future expenses of Clients, such expenses may be substantial. Please see Item 5 of this Brochure for additional information on fees and expenses.

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

General Market Risks. Recent legal and regulatory changes, and additional legal and regulatory changes that could occur during a Client's applicable term, may adversely impact Clients. The regulation of the US and non-US securities and futures markets and investment funds has undergone substantial change in recent years and such change may continue. The effect of such new regulations on Clients, while impossible to predict, could be substantial and adverse and may, directly or indirectly, subject Clients to increased capital requirements, fees and expenses, as well as limits on the types of investors they may solicit. The full effect of recent and future legislation cannot yet be known.



Laws and regulations, particularly those involving taxation, investment and trade, applicable to the activities of a Client can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner adverse to the Client's interests. It is impossible to predict what, if any, changes in regulation applicable to Clients or MC Management, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. Clients and/or MC Management may be or may become subject to unduly burdensome and restrictive regulation.

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

The entire market or particular instruments traded on a market may decline even if earnings or other factors improve inasmuch as the prices of such instruments are subject to numerous economic, political, psychological and other factors that have little or no correlation to the performance of a particular company. A Client may elect to hedge against market movements or the credit or other risks of any particular portfolio investment, whether by means of a derivative or other financial product or instrument. To the extent that Clients engage in certain hedging transactions, there can be no assurances that such hedging will insulate such Client from risks, and hedging techniques, whether via a derivative or other product or instrument, may give rise to certain costs and additional risks, including a risk of the total loss of any amounts invested in hedging instruments.

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

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), among other things, granted regulatory authorities such as the Commodity Futures Trading Commission (the "CFTC"), the SEC and the Consumer Financial Protection Bureau (the "CFPB") broad rulemaking and enforcement authority to implement and oversee various provisions of the Dodd-Frank Act, including comprehensive regulation of the over-the-counter derivatives and consumer finance markets. These expanded powers have resulted in rules that could adversely affect Clients or investments made by Clients.

Clients may be subject to state and federal regulation, borrower disclosure requirements, limits on fees and interest rates on some loans, state lender licensing requirements, and other regulatory requirements in the conduct of its business as an originator, lender, acquirer, or servicer of consumer and commercial loans. In circumstances in which a state license is required, the applicant may experience delays in obtaining licenses due to the application requirements and processes involved. Clients may also be subject to consumer disclosures and substantive requirements on consumer loan terms and other federal regulatory requirements applicable to consumer lending that are administered by the CFPB. These state and federal regulatory



programs are designed to protect borrowers, not to protect investors in the Client. Compliance with these regulatory requirements imposes staffing, legal, compliance and other costs and administrative burdens.

In addition, there can be no assurance that the Clients, their General Partners, MC Management or any of their affiliates will avoid regulatory examination or enforcement actions. Even if an investigation or proceeding does not result in a sanction being imposed against MC Management or any of its affiliates, or such sanction is small in monetary amount, the Clients, their General Partner, MC Management and/or their respective affiliates may be subject to adverse publicity relating to the investigation, proceeding or imposition of such sanctions. There is also a risk that regulatory agencies in the United States and abroad will continue to adopt, change or enhance new or existing laws or regulations, which may result in additional regulatory scrutiny.

Consumer lending is subject to greater regulatory complexity and regulatory attention than is commercial lending, and engaging in consumer lending results in higher staffing and administrative costs and regulatory and litigation risks. The applicable federal consumer financial laws include, among others, the Truth in Lending Act, the Equal Credit Opportunity Act, the Real Estate Settlement Procedures Act, the Fair Debt Collection Practices Act, the Fair Credit Reporting Act, privacy protections of Title V of the Gramm-Leach Bliley Act, and the Bank Secrecy Act, and their implementing regulations and related supervisory guidance and interpretations. States have additional consumer protection laws regulating financial transactions, such as usury and fee limits, and laws that are analogous to the above listed federal laws. Additional legislation and regulation could amend or increase Client obligations and regulatory oversight when engaging in consumer finance activities.

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

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

Title VII of the Dodd-Frank Act provided for a sweeping overhaul of the regulation of privately negotiated derivatives. The CFTC has been granted broad regulatory authority over “swaps,” which term has been defined in the Dodd-Frank Act and related CFTC rules to include derivatives. Title VII may affect Clients’ ability to enter into derivative transactions, may increase the costs in entering into such transactions, and/or may result in Clients entering into such transactions on less favorable terms than prior to effectiveness of the Dodd-Frank Act. For example, Clients may be required to clear certain interest rate hedging transactions by submitting them to a derivatives clearing organization. In addition, to the extent Clients are required to clear any such transactions, they will be required to, among other things, post margin in connection with



such transactions. The occurrence of any of the foregoing events may have an adverse effect on Clients' businesses and their financial returns.

Section 619 of the Dodd-Frank Act, more commonly known as the Volcker Rule, has been implemented by final interagency rules adopted in December 2013. Among other things, the Volcker Rule imposes new requirements on asset-backed securities and pooled investments in loans and other assets that U.S. banks and their affiliates are permitted to own. Although the conformance period for certain pre-2014 investments in private funds by banks has been extended to July 2017, the Volcker Rule may cause banks and their affiliates to divest existing holdings and limit new investments in non-conforming securities and thereby limit the marketability of asset-backed and pooled investments that do not meet the new requirements established by the Volcker Rule. This may result in reduced prices or illiquidity of portfolio assets.

These new and expanded regulations and regulatory powers may reduce returns to investors in consumer and commercial loan portfolios as a result of, among other things, additional compliance and administrative expenses, failure to obtain full repayment on portfolio loans, administrative enforcement actions and fines by state or federal regulators and civil litigation against holders of loans, and/or a reduction in the availability of appropriate loans for investment. Similarly, violations of law or regulation by the originators or servicers of consumer and commercial loans held directly or indirectly by investors could result in the originators or servicers being subject to administrative fines or penalties, borrower restitution obligations, or other consequences that could negatively impact investors in such loans.

In addition, certain Clients invest in distressed investments and, as a result, there is a possibility that MC Management or its affiliates will participate in restructuring activities. It is possible that certain Clients will become involved in litigation with respect to creditor disputes and similar issues among classes of claimants. Litigation entails expense and the possibility of counterclaims against such Clients including their General Partners and MC Management, and ultimately, judgments may be rendered against a Client for which such Client does not carry insurance.

Risk Retention Rules; Impact on CLOs. Pursuant to Section 15G of the U.S. Securities Exchange Act of 1934, as amended by Section 941 of the Dodd-Frank Act (collectively, the "Risk Retention Rules"), an entity acting as a "sponsor" of a "securitization transaction" is generally required to retain at least 5% of the credit risk of the assets it securitizes either directly or through a "majority-owned affiliate" (an "MOA"), as such terms are defined for purposes of the Risk Retention Rules. The U.S. Retention Rules require that the holder of the mandated retention interests hold such retention interests without transferring or hedging the credit risk represented by those interests for a significant period of time. To the extent MC Management or an affiliate, in its capacity as collateral manager of a securitization transaction, is required to comply with the Risk Retention Rules, this could prevent the CLO from mitigating losses on its interest in CLO equity.

Additionally, MC Management may be removed or terminated as collateral manager of a CLO in a number of circumstances, including the breach of certain terms of the CLO governing documents or the failure to cause the CLO to comply with certain financial covenants or ratios applicable to such CLO. If the collateral manager were terminated or removed as collateral manager, any transfer of the collateral management functions to another entity could result in reduced or delayed collections, delays in processing payments and information regarding the assets of the CLO, and a failure to satisfy the collateral management agreement. Such a transfer could result in MC Management failing to be in compliance with the Risk Retention Rules.



Separately, the European Union has enacted reforms related to the regulation of securitization markets, including risk retention and due diligence requirements. Institutional investors subject to the EU Securitisation Regulation, including certain institutions for occupational retirement, credit institutions, alternative investment fund managers investment firms, insurance and reinsurance undertakings and management companies of undertakings for collective investment in transferable securities (“UCITS”) funds (or internally managed UCITS) (“In-Scope Institutional Investors”) are required, before holding a securitization position, to verify certain matters including that the originator, sponsor or original lender retains on an ongoing basis a material net economic interest in the securitization of at least 5%, determined in accordance with the methodologies set out in the EU Securitisation Regulation (the “EU Risk Retention Rules”). To the extent that a CLO does not comply with the EU Risk Retention Rules, MC Management will be unable to market the CLO to In-Scope Institutional Investors.

Monetary Policy and Governmental Intervention Affecting the Broader Investment Climate. The Board of Governors of the U.S. Federal Reserve System (the “Federal Reserve”) and certain non-U.S. central banks, including the European Central Bank, take governmental actions to stabilize markets and seek to encourage economic growth. Actions by the Federal Reserve and other central banks, including changes in policies, may continue to have a significant effect on interest rates and on the United States and world economies generally, which in turn may affect the performance of a Fund’s investments on an absolute and/or relative basis. In addition, the consequences of the extensive changes to the regulation of various markets and market participants contemplated by legislation and increased regulation arising out of the global financial crisis have not been fully implemented in all cases and therefore the ultimate effects thereof are difficult to predict or measure with certainty. Recently, certain U.S. banks, citing Federal Reserve liquidity requirements and/or the costs and/or decreased profitability of holding capital deposits, have pursued imposing a negative interest rate and/or a balance sheet utilization fee on certain deposits from certain institutional customers. Other non-U.S. banks have also adopted similar measures. Negative interest rates and/or fees of this type could have an adverse effect on private equity funds such as the Funds. The Funds may be forced to bear such costs, effectively losing money on cash deposits, or seek to find alternative means of holding short-term reserves and cash balances. Such alternative arrangements may bear greater risk of loss of principal, longer lock-up periods (e.g., money market funds or certificates of deposit) or other less favorable terms. In addition, as a result of the foregoing, the Funds may choose to keep less cash or reserves on hand which could result in a greater frequency of capital calls from Fund investors and/or greater reliance on borrowing, along with related costs.

Non-U.S. Currency Risks. Certain Clients may make investments that are denominated in non-U.S. currency and therefore are subject to the risk that the value of a particular currency will change in relation to one or more other currencies, including generally the currency in which the books of the Client are kept and contributions and distributions generally will be made. Among the factors that may affect currency values are trade balances, the level of short term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Client will incur costs in converting investment proceeds from one currency to another. MC Management may, but are under no obligation to, employ hedging techniques to minimize these risks, although there can be no assurance that such strategies will be effective. Investments in any country in which U.S. dollars are not the local currency may be affected by such changes in the value of foreign exchange between the U.S. dollar and such currency. Such changes may have an adverse effect on the value, price or income of the investment to such prospective investors. There may also be foreign exchange regulations applicable to investments in non-U.S. currencies in certain jurisdictions.



Alternative Investment Fund Managers Directive. The Alternative Investment Fund Managers Directive (“AIFMD”) provides a framework for the European Union (“EU”) to regulate managers of alternative investment funds that are not Undertakings for the Collective Investment of Transferable Securities, but which are marketed or managed in the EU. It came into force on June 22, 2013, and was required to be implemented by member states (“EEA Member States”) of the European Economic Area (“EEA”), (in the case of EEA Member States that are not members of the EU, subject to AIFMD being incorporated into the EEA Agreement), by no later than July 22, 2013 (although some EEA Member States still have not met this deadline). Since then, AIFMD has restricted the extent to which Clients can be marketed to potential investors in the EEA. The AIFMD imposes significant regulatory requirements on investment managers operating within the EEA, including with respect to conduct of business, regulatory capital, valuations, disclosures and marketing, and rules on the structure of remuneration for certain personnel. Alternative investment funds (i) organized outside of both the EU and those of the additional EEA Member States which have implemented AIFMD and (ii) in which interests are marketed under AIFMD within the EEA, are subject to significant conditions on their operations. In the immediate future, such funds may be marketed only in certain EEA jurisdictions and in compliance with requirements to register the fund for marketing in each relevant jurisdiction and to undertake periodic investor and regulatory reporting including, among other items, the risk and portfolio profile of each Client which is marketed in that regulator’s jurisdiction. Additional requirements and restrictions apply where Clients invest in an EEA portfolio investment, including restrictions that may impose limits on certain investment and realization strategies, such as dividend recapitalizations and reorganizations. Such rules could potentially impose significant additional costs on the operation of MC Management’s business or investments in the EEA and could limit MC Management’s operating flexibility within the relevant jurisdictions. In some countries, additional obligations are imposed: for example, in Germany and Denmark, marketing of a non-EEA fund now also requires the appointment of one or more depositaries (with cost implications for the fund). Depending on the activities of each Client, additional restrictions on investment activities may also apply if they are to be marketed to EEA investors. Accessing EEA investors may be more difficult and Client costs may increase to reflect the additional burdens.

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

In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. In addition, the United Kingdom has significantly expanded the reach of its anti-bribery laws. While MC Management has developed and implemented policies and procedures designed to ensure strict compliance by MC Management and its personnel with the FCPA, such policies and procedures may not be effective to prevent violations in all instances. In addition, in spite of MC Management’s policies and procedures, portfolio companies or other entities in which a Client’s affiliates of portfolio companies, particularly in cases where a Client or another MC Management-sponsored fund or vehicle does not control such portfolio investment, may engage in activities that could result in FCPA violations. Any determination that MC Management has violated the FCPA or other applicable anticorruption laws or anti-bribery laws could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of



which could adversely affect MC Management's business prospects and/or financial position, as well as a Client's ability to achieve its investment objective and/or conduct its operations.

Pay-to-Play Laws, Regulations and Policies. A number of U.S. states and municipal pension plans have adopted so-called "pay-to-play" laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including those seeking investments by public retirement funds. The SEC has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation to a government client for two years after the adviser or certain of its executives, employees or agents makes a contribution to certain elected officials or candidates. If any of MC Management's employees or affiliates or any service provider acting on their behalf fail to comply with such laws, regulations or policies, such non-compliance could have an adverse effect on Clients.

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

Changes in Investment Focus. Clients may not be restricted in terms of the percentage of their capital that can be invested in a particular industry, geographical region or type of investment. While a Client's disclosure and/or governing documents generally contain a description of the types of investments that other Clients have historically made and/or information about MC Management's expectations with respect to such Client, many factors may contribute to changes in emphasis in the construction of such Client's portfolio, including changes in market or economic conditions or regulation as they affect various industries and changes in the political or social situations in particular countries. There can be no assurance that the investment portfolio of any Client will resemble the portfolio of any prior Client.

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



investing in the types of instruments described herein. As noted above, there is a possibility of partial or total loss of capital as a result of such constraints.

Possible Lack of Diversification. Each Client may concentrate its portfolio investments by investing all of its assets in only a few issuers, industries or countries. By investing in a limited number of portfolio investments, the aggregate returns realized by a Client may be substantially affected by the unfavorable performance of a small number of such portfolio investments.

Leverage. Clients, in certain instances, borrow and utilize various other forms of leverage, and expect to operate with a significant leverage ratio. Although leverage presents opportunities for increasing a Client's total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the cost of the leverage, the total return of the leveraging Client will decrease. Accordingly, any event which adversely affects the value of a portfolio investment would be magnified to the extent a Client is leveraged. The cumulative effect of the use of leverage by Clients in a market that moves adversely to such Clients' investments or in the event portfolio investments experience credit quality deterioration could result in a substantial loss to Clients that could be substantially greater than if such Clients were not leveraged. In addition, contractual demands by lenders to a Client to reduce its leverage may force such Client to sell investments on an emergency basis at prices less than those obtainable in a more orderly liquidation. To the extent that a creditor has a claim on a Client, such claim would be senior to the rights of an investor in the Client. As a result, if a Client's losses were to exceed the amount of capital invested, an investor could lose its entire investment.

Financing Arrangements. To the extent that a Client enters into financing arrangements in the future, such arrangements may contain provisions that expose it to particular risk of loss. For example, any cross-default provisions could magnify the effect of an individual default. If a cross-default provision were exercised, this could result in a substantial loss for a Client. Also, Clients may enter into financing arrangements that contain financial covenants that could require them to maintain certain financial ratios. If a Client were to breach the financial covenants contained in any such financing arrangement, it might be required to repay such debt immediately, in whole or in part, together with any attendant costs, and the Client might be forced to sell some of its assets to fund such costs. Certain Clients may also be required to reduce or suspend distributions. Such financial covenants would also limit the ability of MC Management or Client to adopt the financial structure (*e.g.*, by reducing levels of borrowing) that it would have adopted in the absence of such covenants. In addition, pursuant to the partnership agreements of certain Clients, the General Partner is permitted to pledge the capital commitments of the limited partners to secure financing arrangements for the Client. The limited partners may be required to honor their capital commitments to permit the Client to pay debt rather than to make investments.

Investments in Distressed Securities and Restructurings. Certain Clients may make investments in restructurings that involve companies that are experiencing or are expected to experience severe financial difficulties. These financial difficulties may never be overcome and may lead to uncertain outcomes, including causing a company to become subject to bankruptcy proceedings. Investments in a financially troubled company could, in certain circumstances, subject the applicable Client to additional liabilities that may exceed the value of the Client's original investment in the company. For example, under certain circumstances, a lender who has inappropriately exercised control of the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to Clients or distributions by Clients to their investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, a preferential payment or similar transaction under



applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by statutes related to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions.

Hedging Policies/Risks. In connection with certain investments, Clients may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, commodities prices, currency exchange rates, as well as other risks. While such transactions may reduce certain risks, hedging transactions themselves entail other risks. Thus, while Clients may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, commodities prices, currency exchange rates or other factors may result in a poorer overall performance for Clients that enter into hedging transactions.

Uncertainty of Financial Projections. As part of its due diligence of a potential investment, MC Management for a Client investing in securities or interests in a company generally may do so on the basis of the company's financial projections. Projected operating results normally will be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections and the performance of any investment in such company.

Participation Interests. Certain Clients may purchase participation interests in debt instruments that do not entitle the holder thereof to direct rights against the obligor. Participations held by a Client in a selling institution's portion of a debt instrument typically result in a contractual relationship only with such selling institution, not with the obligor. Clients generally have the right to receive payments of principal, interest and any fees to which they are entitled only from the selling institution selling the participation and only upon receipt by such selling institution of such payments from the obligor. In connection with purchasing participations, a Client generally will have no rights to enforce compliance by the obligor with the terms of the related loan agreement, and no rights of set-off against the obligor, and such Client may not benefit directly from the collateral supporting the debt instrument in which it has purchased the participation. As a result, Clients will assume the credit risk of both the obligor and the selling institution selling the participation. In the event of the insolvency of such selling institution, Clients may be treated as general creditors of such selling institution and may not benefit from any set-off between such selling institution and the obligor. When Clients hold a participation in a debt instrument, they may not have the right to vote to waive enforcement of any restrictive covenant breached by an obligor. In addition, if a Client does not vote as requested by the selling institution, it may be subject to repurchase of the participation at par. Selling institutions voting in connection with a potential waiver of a restrictive covenant may have interests different from those of the Client, and such selling institutions may not consider the interests of the Client in connection with their votes.

Synthetic Securities. Certain Clients may invest in synthetic securities such as swaps (including total return swaps), synthetic swaps, over-the-counter transactions and other derivative instruments. Investments through the purchase of synthetic securities present risks in addition to those resulting from direct purchases of the underlying securities or assets. With respect to synthetic securities, Clients usually will have a contractual relationship only with the counterparty of such synthetic security and not the underlying obligor. The collapse of certain financial institutions may be indicative of increased counterparty risk with respect to, among other things, transactions involving synthetic securities. Additionally, the transparency of the financial statements issued by financial institutions, particularly with respect to the value of complex financial assets, has been called into question. Clients generally will have neither the right to enforce directly compliance by the underlying obligor, nor any voting or other consensual rights of ownership with respect to the underlying obligation. Clients will not benefit directly from any collateral supporting the underlying obligation and will not have the benefit of the remedies that would normally be available to a holder of such underlying obligation. In addition, in the event of the insolvency of the counterparty, Clients will be treated as general creditors of such counterparty and will not have any claim of title with respect to the underlying obligation. Consequently, Clients will be subject to the credit risk of the counterparty as well as that of the underlying obligor. As a result, concentrations of synthetic securities entered into with any one counterparty will subject Clients to an additional degree of risk with respect to defaults by such counterparty as well as by the underlying obligor.

Market for Transactions and Financing. Identifying and structuring debt and equity investments involves competition among capital providers and market and transaction uncertainty. MC Management may not be able to identify a sufficient number of suitable investment opportunities to satisfy its Clients' investment objectives. On occasion, the investment opportunities may be too large to satisfy Clients' desired position sizes, and MC Management may not be able to locate counterparties to participate in such investment opportunities.

The financial markets have experienced substantial fluctuations in prices and liquidity for leveraged loans in the past, but the leveraged loan market has shown signs of considerable improvement. Any further disruption in the credit and other financial markets may have substantial negative effects on general economic conditions, the operating performance and the availability of required capital for companies. These conditions may also result in increased default rates and credit downgrades, and affect the liquidity and pricing of the investments made by MC Management's Clients. When the spreads for credit investments tighten, it may be difficult to locate investments that are desirable for MC Management's Clients. This difficulty may be especially acute in respect of more liquid credit investments such as broadly syndicated loans.

Risk of Private Debt and Equity Investments. Private investments involve a high degree of financial risk. Investments made by MC Management for its Clients may not be profitable and substantial losses may occur. Private debt may not be repaid by the borrower, and MC Management may not be able to sell or otherwise liquidate Client investments at the optimal time, price or at all. Therefore, MC Management may not realize its Clients' rate of return objectives, and there may not be a return of capital to Clients. The debt in which MC Management invests may be subordinate to other creditors' claims, which may impair its overall value.

MC Management may also make equity investments in companies on behalf of its Clients. Equity investments may be more volatile than debt investments. They may be subject to significant risks, such as the risk of further dilution because of additional equity issuances, the risk that the equity investments will



have limited minority protections, and the risk that the company in which MC Management's Clients hold equity interests may not create a liquidity event for such equity interests.

Middle-Market Companies. MC Management's Clients will often invest in middle-market companies, which may involve a significant number of risks. For example, compared to larger companies, middle-market companies may have shorter operating histories, less predictable operating results and more reliance on a small number of products, managers, customers or individual company risks. In addition, middle-market companies often require additional financing to expand or maintain their competitive position and they may have a more difficult time acquiring additional capital than larger companies.

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. The value of a debt instrument may decline because of concerns about an obligor's ability to make principal or interest payments.

For certain Advisory Clients MC Management actively seeks to make investments in securitized products, which may be backed by collateral comprised of debt investments consisting of both investment grade securities, rated Baa or higher by Moody's or BBB or higher by S&P, and lower-rated investments (non-investment grade), rated lower than Baa by Moody's or lower than BBB by S&P (or, if not rated, of comparable quality), including but not limited to "leveraged loans" and "high-yield" bonds. These investments are regarded as "high-yield" or "junk" and are seen as predominately speculative with respect to the obligor's continuing ability to meet principal and interest payments.

Analysis of the creditworthiness of obligors/issuers/issues of lower-rated investments, loans or bonds, may be more complex than for obligors/issuers/issues of higher quality. The investments of MC Management might incur a loss due to losses of the collateral backing the investments.

Interest rate risk refers to the risk of market changes in interest rates. Interest rate changes may affect the value of debt. In general, rising interest rates will negatively impact the price of fixed rate debt, and falling interest rates will have a positive effect on price. Adjustable rate debt also reacts to interest rate changes in a similar manner, although generally to a lesser degree. Interest rate sensitivity is generally larger and less predictable in debt with uncertain payment or prepayment schedules.

Debt –Subordinated Debt Risk. MC Management's Clients may invest in a variety of debt that captures particular layers of a borrower's credit structure, such as "last out" or "second lien" debt, or other subordinated investments that rank below other obligations of the borrower in right of payment. Subordinated investments are subject to greater risk of loss than senior obligations where there are adverse changes to the financial condition of the borrower or a decline in general economic conditions. Subordinated investments may expose a Client to particular risks in a distress situation, such as the risk that creditors are not aligned. Holders of subordinated investments generally have less ability to affect the results of a distressed situation than holders of more senior investments.

Debt –Illiquidity and Volatility. The debt that MC Management invests in for its Clients consists predominantly of loans and notes that are obligations of corporations, partnerships or other entities. This debt often has no, or only a limited, trading market. Although MC Management's Clients generally hold much of their debt until maturity, the investment in illiquid debt may restrict the ability to dispose of



investments in a timely fashion, for a fair price, or at all. If an underlying issuer of debt experiences a credit event, this illiquidity may make it more difficult for MC Management's Clients to sell such debt, and MC Management may be required to pursue a workout or alternate way out of the position.

Debt – Assignments and Participations. MC Management also may invest in loans either directly (e.g. by purchase from the borrower or by assignment) or indirectly (e.g. by way of 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 the additional credit risk of the counterparty, the lack of voting rights and the lack of direct enforcement rights in connection with a loan default.

Leverage Risk. MC Management may also invest Client assets in a manner that would subject Clients to the financial risk of leverage. Portfolio investments financed with leverage may have increased exposure to risks including adverse fluctuations in interest rates, downturns in the economy and the inability to refinance debt as it matures. CLOs also have leverage embedded in their structures, which can affect the risk and return profile of various tranches of such structures. While leverage presents opportunities for increasing Clients' total return, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of a Client's investment would be magnified to the extent the Client's account is leveraged. This may result in a substantial loss to Client accounts, which would be greater than if leverage had not been employed in managing the account. In addition, the investment objectives of MC Management's clients are dependent on the continued availability of leverage at attractive relative interest rates. If such Clients are unable to obtain such leverage or if the interest rates of such leverage are not attractive, such Clients could experience diminished returns.

Use of Leverage by Portfolio Companies. It is anticipated that a substantial portion of MC Management's Clients' assets will be lent to, or invested in, companies that have leverage. Factors such as rising interest rates, downturns in the economy or deterioration in the condition of a portfolio company or its industry could put at risk a company's ability to meet its debt service obligations (including investments by the Client).

The portfolio companies in which MC Management will invest its Client in may be highly leveraged, thereby increasing the degree of credit risk inherent in each investment. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs or to pay principal and interest on the Client's investments when due. The leveraged capital structure of portfolio companies will increase the exposure of the Client's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates.

Valuation. Generally, there will be no readily available market for a substantial number of investments held in the Client's portfolios, and hence the Client's investments will be difficult to value. Although MC Management will monitor the performance of each Client investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis.

MC Management may, in its sole discretion, engage the services of an independent valuation agent to provide valuation services to MC Management's Clients. Such a valuation agent would be responsible for providing advisory opinions and analysis with respect to the value of the Client's investments for MC Management to use for purposes of determining the its Client's net asset value.



General Economic and Market Conditions. The success of MC Management's Clients is affected by general economic and market conditions, including, among others, interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and trade barriers. These factors may affect the level and volatility of securities prices and the liquidity of investments. Volatility or illiquidity could impair profitability or result in losses. These factors also may affect the availability or cost of leverage, which may result in lower returns.

Global Investments. MC Management may invest Client assets in the debt, loans or other investments in 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 for these investments may be lower and price volatility may be higher compared with investments in U.S. 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.

Distressed Securities Risks. MC Management's Clients may invest in "distressed" securities, claims and obligations of domestic and foreign entities that are experiencing significant financial or business difficulties. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. State and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims also may adversely affect such investments. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such instruments may be greater than normally expected. In trading distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses. The market for distressed securities and instruments is generally thinner and less active than other markets, which can adversely affect the prices at which distressed securities can be sold.

Junior Debt Securities. MC Management's Clients may invest in junior debt securities. Although certain junior debt securities are typically senior to common stock or other equity securities, the equity and debt securities in which Client's will invest may be subordinated to substantial amounts of senior debt, all or a significant portion of which may be secured. Such subordinated investments may be characterized by greater credit risks than those associated with the senior obligations of the same issuer. These subordinated securities may not be protected by all of the financial covenants, such as limitations upon additional indebtedness, typically protecting such senior debt. Holders of junior debt generally are not entitled to receive full payments in bankruptcy or liquidation until senior creditors are paid in full. Holders of equity are not entitled to payments until all creditors are paid in full. In addition, the remedies available to holders of junior debt are normally limited by restrictions benefiting senior creditors. In the event any portfolio company cannot generate adequate cash flow to meet senior debt service, the Client may suffer a partial or total loss of capital invested.

Non-Controlling Investments. Generally, Clients will hold non-controlling interests in portfolio companies and, therefore, will have a limited ability to influence management of its portfolio companies to protect the Client's position therein. Although MC Management will endeavor to negotiate negative



covenants and other contractual restrictions for each portfolio company, it will primarily be the responsibility of portfolio company management to operate each portfolio company on a day-to-day basis.

Below-Par Securities. MC Management's Clients may invest in securities that are valued at, or trading below, their par value-this includes securities, private claims and obligations of domestic and foreign entities that are experiencing significant financial or business difficulties. Below-par securities may result in significant returns to the Client, but also involve a substantial degree of risk. Client's may lose a substantial portion or all of its investment in a distressed environment or may be required to accept cash or securities with a value less than the Client's investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it may frequently be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by state and Federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the Bankruptcy Court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such instruments may be greater than normally expected. In trading distressed securities, litigation sometimes arises. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses.

Special Situations. Certain Clients may from time to time make investments in companies involved in (or the target of) acquisition attempts or tender offers, or companies involved in spin-offs and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved will either be unsuccessful, take considerable time or result in a distribution of cash or a new security, the value of which will be less than the purchase price to a Client of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, a Client may be required to sell its investment at a loss. In connection with such transactions (or otherwise), a Client may purchase securities on a when-issued basis, which means that delivery and payment take place sometime after the date of the commitment to purchase and are often conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, reorganization or debt restructuring. The purchase price and/or interest rate receivable with respect to a when issued security are fixed when a Client enters into the commitment. Such securities are subject to changes in market value prior to their delivery.

Structured Finance Securities. Clients may from time to time, as part of its opportunistic investment activities, invest, directly and indirectly (including through promissory notes issued by an affiliate of MC Management), in structured finance securities such as collateralized loan obligations or products related to such obligations (including warehousing vehicles or facilities), or make loans to origination entities that are investing in collateralized loan obligation securities. Structured finance securities may present risks similar to those of the other types of investments in which a Client may invest and, in fact, such risks may be of greater significance in the case of structured finance securities. Moreover, investing in structured finance securities may entail a variety of unique risks. Among other risks, structured finance securities may be subject to prepayment risk. In addition, the performance of a structured finance security will be affected by a variety of factors, including its priority in the capital structure of the issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets.



Investment in Collateralized Loan Obligations. Clients may invest, directly or indirectly, in CLOs and CLO warehouse facilities. A CLO is typically a bankruptcy-remote securitization entity that owns senior secured, second lien or unsecured corporate loans. Typically, a Client is expected to invest, directly or indirectly, in the unrated or most subordinated tranches of CLOs that own middle market or broadly syndicated loans, while other investors may purchase more senior tranches of the CLO entity's capital structure, thereby exposing themselves to different risks of principal and interest repayment. CLOs make payments to investors as payments are received with respect to their underlying asset pools. If proceeds of the underlying asset pools are not large enough to provide payments on all investors, securities held by the more junior investors in the CLOs will likely suffer a principal loss. In an event of default, typically the most senior tranche of debt may direct the CLO manager to liquidate the CLO. In the event of a liquidation, the unrated or most subordinated tranches of a CLO will not receive any payment until all principal and interest on the senior debt is paid in full. As the holder of the most subordinated tranche, the Client may be unable to exercise additional remedies under the CLO entity documentation. In addition, the value of the underlying collateral in the asset pools may decrease in value. CLO securities are illiquid instruments, and the Compartment may not be able to sell such securities at favorable prices, if at all.

Risks Particular to Investing in CLO Securities. Any CLO securities may not be registered under the Securities Act and the CLO will not register under the 1940 Act. There will be no market for CLO securities and their transfer will be restricted. Investors in CLOs must be prepared to hold such securities for an indefinite period of time. Any CLO issuer will be a newly formed special purpose vehicle with limited assets. Any CLO securities will be limited recourse obligations of their issuer. CLO Securities will not be guaranteed by any other person. Accordingly, investors must rely on available collections from a CLO issuer's portfolio investments and will have no other source for payment of their securities. The subordination of any class of CLO securities will affect their right to payment in relation to the more senior securities. Interruptions in payments to subordinated classes may occur. Any CLO securities issued by a CLO issuer designated as subordinated notes will be unsecured obligations of a CLO issuer. If any event of default occurs and more than one class of CLO securities is then outstanding, the controlling class (which will generally be the most senior class of securities) will be entitled to determine the exercise of remedies and could pursue remedies that are adverse to the interests of subordinate classes. However, some rights of the controlling class to cause liquidation of the issuer's assets will be limited. Following acceleration of CLO securities, payments of interest proceeds and principal proceeds from the CLO issuer's assets will generally be applied on a strict seniority basis.

The issuer of any CLO securities will be highly leveraged, which will increase risks to investors, particularly to investors in more subordinated classes of such securities. A CLO issuer's portfolio investments will possess inherent risks, including, among other things, credit, prepayment, liquidity and interest rate risk, the financial condition of the underlying obligors, general economic conditions, market price volatility, the condition of certain financial markets, political events and developments or trends in any particular industry. Most of a CLO issuer's portfolio investments will be rated below investment grade. Below investment grade investments are particularly susceptible to these risks. Insolvency, lender liability and equitable subordination considerations with respect to the CLO issuer's portfolio investments could adversely affect the issuer's rights with respect to its portfolio investments.

A CLO issuer's portfolio may be subject to concentration risk. The issuer's actual portfolio investments may differ from its expected portfolio investments. A CLO issuer's performance will depend, in part, on the portfolio manager's performance with respect to the purchase and sale of the issuer's portfolio investments. A portion of such portfolio investments may amortize or prepay. The reinvestment period



may terminate early. The issuer may not be able to reinvest available funds in appropriate portfolio investments, and the longer the period before investment or reinvestment of its funds in portfolio investments, the greater the adverse impact may be on interest collections and distributions by the issuer. Illiquidity and market value volatility of the issuer's portfolio investments and its own investment restrictions may restrict its ability to dispose of investments in a timely fashion and for a fair price. CLO securities may be subject to optional or mandatory redemption under certain circumstances. In certain circumstances, a CLO issuer may amend the indenture relating to its CLO securities without the consent of the holders of its CLO securities. Reliable sources of statistics regarding prepayments, default and recovery rates and market value volatility may not exist for certain portfolio investments and existing information may not be indicative of future performance. The portfolio manager may have conflicts of interest as a result of the overall investment activities of it, its investment professionals and its affiliates. The portfolio manager's entitlement to fees may create incentives for it to make decisions that are contrary to the best interests of investors. The portfolio manager's performance history is no guarantee, and may not be indicative, of a CLO issuer's future results. Because of different portfolio restrictions, structures and market conditions, among other things, the issuer's performance may differ markedly from that of other vehicles whose portfolios are managed by the portfolio manager. No assurance can be given that any particular individual will be responsible for managing the issuer's portfolio for any length of time. The loss of key portfolio manager personnel could have a material adverse effect on the issuer.

Illustrative cash flows, yields or returns, scenario analyses, expected portfolio composition and other "forward-looking" statements are based on assumptions that are unlikely to be consistent with, and may differ materially from, actual events, and no assurance can be given as to actual results. Interest rate risk inherent in the structure, including interest rate mismatches between a CLO issuer's securities and its portfolio investments, could adversely affect the issuer's cash flows. The duration of more subordinated securities will be affected by the average life of more senior securities (which is expected to be shorter than their stated maturity).

The imposition of unanticipated withholding taxes on a CLO issuer's assets or tax on its net income (as a result of changes in law or other causes) could materially impair the issuer's ability to make payments in respect of the securities. Holders of CLO securities may be subject to withholding on payments from those CLO securities or forced transfer of those CLO securities for failure to provide the related CLO issuer with certain tax information. Ratings assigned to CLO securities only address credit risk and are not a guarantee of quality. In addition, rating agencies may change their published criteria relating to CLO securities or leveraged loans, resulting in a reduction of their ratings of the CLO securities.

Asset-Backed Securities. Clients may invest in asset-backed securities ("ABS"). ABS are subject to the risk of prepayment on the loans underlying such securities (including voluntary prepayments by the obligors and liquidations due to default). Generally, prepayment rates increase when interest rates fall and decrease when interest rates rise. Prepayment rates are also affected by other factors, including economic, demographic, tax, social and legal factors. To the extent that prepayment rates are different than anticipated, the average yield of investments in ABS may be adversely affected. The interest rate sensitivity of any particular pool of loans depends upon the allocation of cash flow from the underlying receivables.

The market value of ABS will generally vary inversely with changes in market interest rates, declining when interest rates rise and rising when interest rates decline. However, ABS, while having comparable risk of decline during periods of rising rates, usually have less potential for capital appreciation than other investments of comparable maturities due to the likelihood of increased prepayments as interest rates decline. In addition, to the extent any ABS are purchased at a premium, losses due to default and liquidation



and unscheduled principal prepayments generally will result in some loss of the holders' principal to the extent of the premium paid. ABS are subject to whole loan risk and credit risk that the underlying receivables will not be paid by debtors or by credit insurers or guarantors of such instruments.

The underlying assets of ABS may include receivables of any kind, including, without limitation, such items as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property, and receivables from credit card agreements. The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited. As described above, the values of some other ABS are subject to interest-rate risk and prepayment risk. A change in interest rates can affect the pace of payments on the underlying loans, which in turn, affects total return on the securities. ABS also carry credit or default risk. If many borrowers on the underlying loans default, losses could exceed the credit enhancement level and result in losses to investors in an ABS transaction. The value of ABS may be substantially dependent on the servicing of the underlying asset pools and thus be subject to risks associated with the negligence by, or defalcation of, their servicers. In addition, any fees related to outside loan origination and servicing contracts could negatively affect returns. In certain circumstances, the mishandling of related documentation may also affect the rights of security holders in and to the underlying collateral. The insolvency of entities that generate receivables or that utilise the assets may result in added costs and delays in addition to losses associated with a decline in the value of underlying assets. Furthermore, debtors may be entitled to the protection of a number of state and federal consumer credit laws with respect to ABS, which may give the debtor the right to avoid payment. ABS may be highly illiquid, and the market value of ABS may fluctuate widely. If the Client is forced to liquidate its investments in ABS to satisfy withdrawals, it may be difficult or impossible to do so on favorable terms and may result in losses.

Brokers and Custodians. Client's assets may be held in accounts maintained for the Client by certain banks, broker-dealers and other financial institutions. These financial institutions are subject to various laws and regulations in various jurisdictions, some of which are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and regulations and their application to the Client's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved, and the range of possible factual scenarios involving the insolvency of one of these financial institutions, their agents or affiliates, it is impossible to generalize about the effect of their insolvencies on the Client and its assets. Investors should assume that the insolvency of any one of the Client's service providers could result in the loss of all or a substantial portion of the Client's assets held by or through such entity.

Counterparty Risk. Certain instruments in which MC Management's Clients may invest may, in certain circumstances, bear credit risk with regard to other parties involved, as well as risk of settlement default. Moreover, transactions directly between two counterparties (e.g., off exchange) may not be afforded certain protections, such as settlement, segregation and minimum capital requirements applicable to intermediaries, and therefore expose the parties to the risk of counterparty default.

Director Liability. In certain circumstances a Client may receive the right to appoint a representative to the board of directors of the companies in which it invests. Serving on the board of directors of a portfolio company exposes the Client's representatives, and ultimately the Client, to potential liability. Although portfolio companies often have insurance to protect directors and officers from such liability, such insurance may not be obtained by all portfolio companies and, even if obtained, may be insufficient.



Side Letters. The General Partner to a Client may enter into arrangements with certain investors that have the effect of altering or supplementing the terms of the investor's investments in such Client, including arrangements with respect to waivers or reductions of the Management Fee, access to portfolio information, enhanced transparency and reduced fees.

Cyber-Security Risk. Investment advisers, including MC Management, increasingly rely on information and technology systems to conduct their business. Such systems might in some circumstances be subject to cybersecurity incidents or similar events that could potentially result in damage or interruption to these systems, unauthorized access to sensitive transactional and personal information, intentional misappropriation, corruption or destruction of data, or operational disruption. MC Management maintains an information technology security policy and has implemented certain technical and physical safeguards intended to protect the integrity of its information and technology systems. Nonetheless, despite reasonable precautions, cybersecurity incidents could potentially occur, and might in some circumstances result in the failure to maintain the security, confidentiality or privacy of sensitive data. Cybersecurity incidents experienced by third party vendors or service providers may indirectly affect Clients. Cybersecurity risks can disrupt the ability to engage in transactional business, cause direct financial loss and affect the value of assets in which Clients invest, harm MC Management's reputation, lead to violations of applicable laws, result in ongoing prevention, risk management and compliance costs, and otherwise affect business and financial performance.

Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues. MC Management's business activities as well as the management and operations of the Funds and their investments, could be materially adversely affected by pandemics, epidemics and outbreaks of disease in Asia, Europe, North America and/or globally or regionally, such as novel coronavirus, or COVID-19, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome, or SARS, and/or other epidemics, pandemics, outbreaks of disease, viruses and/or public health issues. Specifically, novel coronavirus, or COVID-19, has spread (and is currently spreading) rapidly around the world since its initial emergence in China in December 2019 and has severely negatively affected (and may continue to materially adversely affect) the financial markets and global economies and markets (including, in particular, financial markets in Asia, Europe and the United States). Although the long-term effects or consequences of novel coronavirus (or COVID-19) and/or other epidemics, pandemics and outbreaks of disease cannot currently be predicted, previous occurrences of other pandemics, epidemics and other outbreaks of disease, such as H5N1 flu, H1N1 flu, SARS and the Spanish flu, had a material adverse effect on the economies and markets of those countries and regions in which they were most prevalent. Any occurrence or recurrence (or continued spread) of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter into a recession or depression), which would adversely affect the business, financial condition and operations of MC Management and the Funds. Should these or other major public health issues, including pandemics, arise or spread further (or continue to spread or materially impact the day to day lives of persons around the globe), MC Management and the Funds could be adversely affected by more stringent travel restrictions, additional limitations on MC Management's operations or business and/or governmental actions limiting the movement of people between regions and other activities or operations (or to otherwise stop the spread or continued spread of any disease or outbreak). The ultimate impact of COVID-19 — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible. The extent of COVID-19's impact will



depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions (including the effectiveness of vaccines and the implementation of vaccination programs) designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results. Even if and as the spread of the COVID-19 virus itself is substantially contained and economies are able to “re-open,” it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund’s portfolio companies.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL OF THE INVESTMENT RISKS MC MANAGEMENT AND ITS CLIENTS ARE EXPOSED TO AS A PART OF MC MANAGERMENTS BUSINESS.



Item 9 Disciplinary Information

This Item requests information relating to legal and disciplinary events in which MC Management or any supervised persons, as defined by the Advisors Act, have been involved that are material to Client's or prospective Client's evaluations of MC Management's advisory business or management. There are no reportable legal or disciplinary events related to MC Management or any of its supervised persons.



Item 10 Other Financial Industry Activities and Affiliations

Affiliated Broker-Dealers

MC Management and its management persons are not registered, nor has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. MC Management has no existing or pending affiliations with a broker-dealer or a registered representative of a broker-dealer.

Affiliated CPO and/or CTA

MC Management and its management persons are not registered, nor has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. MC Management has no existing or pending affiliations with a futures commission merchant, commodity pool operator, or commodity trading advisor.

Affiliated Investment Advisers

Monroe Capital BDC Advisors, LLC

Through common control, MC Management is affiliated with Monroe Capital BDC Advisors, LLC (“MC Advisors”), an investment adviser registered with the SEC under the Advisers Act. MC Advisors serves as the investment advisor to two (2) business development companies: (i) Monroe Capital Corporation (“MC Corporation”), a U.S. close-end, non-diversified investment company registered under the 1940 Act that has elected to be regulated as a business development company under the 1940 Act, whose common stock is listed on The Nasdaq Global Select Market under the symbol “MRCC”; and (ii) Monroe Capital Income Plus Corporation (“MC Income Plus”), a Maryland corporation that has elected to be treated as a business development company under the 1940 Act and to be treated and qualify each year thereafter as a regulated investment company for taxation purposes. MC Income Plus is not an investment company registered under the 1940 Act. MC Corporation and MC Income Plus are collectively referred to herein as the “BDCs”.

In addition, MC Advisors manages MC Corporation’s two wholly-owned subsidiaries, Monroe Capital Corporation SBIC, LP (“MRCC SBIC”), a Delaware limited partnership, that operates as a small business investment company (“SBIC”) pursuant to a license received from the U.S. Small Business Administration, and MCC SBIC GP, LLC (“MCC SBIC GP”), a Delaware limited liability company, that serves as the general partner to MRCC SBIC. MC Management and MC Advisors currently share the same physical location and certain supervised persons. MC Advisors is wholly owned by MM Holdco that is indirectly majority owned by Messrs. Theodore L. Koenig and Michael J. Egan through intermediate holding companies.

Messrs. Theodore L. Koenig, Aaron D. Peck, Michael J. Egan and Jeremy T. VanDerMeid, each of whom is a principal and investment committee member of MC Management, serve as investment committee members for MC Advisors, pursuant to a staffing agreement (the “Staffing Agreement”) between MC Management and MC Advisors. Under the terms of the Staffing Agreement, MC Management’s investment committee members provide MC Advisors services to enable MC Advisors to undertake and perform its business activities as an investment adviser to the BDCs. Such services include, the identification and analysis of investment opportunities, evaluation (conducting research and due diligence on prospective investments), structuring, monitoring, negotiation and conclusion of investment transactions, and



monitoring of investments. Mr. Theodore L. Koenig is the Chairman and Chief Executive Officer of each respective BDC and also currently serves as the managing member and a partner of each of MC Advisors and MC Management. Mr. Aaron D. Peck is the Chief Financial Officer and Chief Investment Officer of each respective BDC and also currently serves as managing director of MC Management. Both Messrs. Koenig and Peck serves as interested board of directors for each respective BDC.

In addition to the Staffing Agreement, MC Management provides the BDCs administrative services pursuant to administration agreements (the “Administration Agreements”) between MC Management and each respective BDC. Under the terms of the Administration Agreements, MC Management provides the BDCs office facilities and equipment and clerical, bookkeeping and record keeping and other administrative services at such facilities. Additionally, under the Administration Agreements, MC Management performs, and/or oversees the performance of, the BDCs’ required administrative services, which include, among other things, being responsible for preparing and maintaining the BDCs’ financial books and records, preparing stockholder reports and reports filed with the SEC. MC Management also assists in determining and publishing the BDCs’ net asset values, oversees the preparation and filing of tax returns, prints and disseminates reports to the BDCs’ stockholders and generally oversees the payment of the BDCs’ expenses and the performance of administrative and professional services rendered to the BDCs by others. MC Management also provides, on the BDCs’ behalf, managerial assistance to those portfolio companies that have accepted the BDCs’ offer to provide such assistance.

In consideration for the services provided to MC Advisors under the Services Agreement, MC Management does not receive any compensation. However, MC Management is reimbursed by MC Advisors for the out-of-pocket costs and expenses directly incurred in performing its obligations under the terms of the Services Agreement. In consideration for the administrative services provided to the BDCs under the Administration Agreements, MC Management does not receive any compensation. However, MC Management is reimbursed by each respective BDC for any out-of-pocket costs and expenses directly incurred in performing its obligations under the terms of the Administration Agreements, which generally are equal to an amount based on each respective BDC’s allocable portion of MC Management’s overhead in performing its obligations under the Administration Agreements, including rent, and the allocable portion of the cost of the BDCs’ Chief Financial Officer and Chief Compliance Officer and their respective staffs.

In general, MC Management expects to conduct its activities in a manner that is separate and independent from the activities of MC Advisors. However, as stated above, certain of MC Management’s principals and employees, including Messrs. Koenig, Peck, Egan and VanDerMeid, each of whom is a principal and investment committee member of MC Management, provide investment advisory and other services and engage in various activities with respect to MC Advisors and its advisory clients, the BDCs. Additionally, MC Advisors’ advisory clients could from time to time invest in the same financial instruments or engage in the same or similar investment strategies as MC Management and/or its Clients. These activities could conflict with the transactions and strategies employed by MC Management and its employees and affiliates in managing Clients and could raise various other actual or potential conflicts of interest. Moreover, the time and effort of MC Management’s principals, investment committee members and other investment personnel and various other employees will not be devoted exclusively to MC Management’s business or the business of its Clients but will be allocated among MC Management, its Clients and MC Advisors and its clients, the BDCs.

MC Management and MC Advisors address these and other conflict of interest by providing in its Joint Code of Ethics that all supervised persons have a duty to act in the best interests of each Client and by



providing training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under MC Management's and MC Advisors' written policies and procedures.

Additional information about Monroe Capital BDC Advisors, LLC can be found in their respective Form ADV which can be found at www.adviserinfo.sec.gov.

Affiliated Relying Advisers

As stated in Item 4 of this Brochure, MC Management is affiliated with the Relying Advisers. Each Relying Adviser is registered with the SEC as investment advisers relying on MC Management's investment adviser registration with the SEC pursuant to Rule 203A-2(b) of the Advisors Act and the SEC's ABA No-Action Letter. Each Relying Adviser intends to conduct their activities in accordance with the Advisors Act and the rules thereunder. Set forth below are the Relying Advisers their corresponding clients:

| Relying Advisers | Client(s) |
|--|---|
| Monroe Capital Management, LLC | Monroe Capital CLO 2014-1, Ltd. Monroe Capital BSL CLO 2015-1, Ltd. Monroe Capital MML CLO 2016-1, Ltd. Monroe Capital MML CLO 2017-1, Ltd. Monroe Capital MML CLO VI, Ltd. |
| Monroe Capital Asset Management LLC | Monroe Capital MML CLO VII, Ltd. Monroe Capital MML CLO VIII, Ltd. Monroe Capital MML CLO IX, Ltd. |
| Monroe Capital CLO Manager LLC | Monroe Capital MML CLO X, Ltd. Monroe Capital MML CLO XI, Ltd. |
| Monroe Capital Partners Fund Advisers, Inc. | Monroe Capital Partners Fund, LP |
| Monroe Capital Partners Fund II Advisers, Inc. | Monroe Capital Partners Fund II, LP |

Affiliated General Partners

As stated in Item 4 of this Brochure, MC Management does not act as a general partner for any of its Clients. Instead, certain affiliates of MC Management, serve as a general partner to one or more of MC Management's Clients and are regularly engaged in the business of sponsoring such Clients. In connection with such services the general partner (the "General Partner") of each respective Client may receive Performance-Based Fee (*e.g.*, carried interest) described above in Item 5 of this Brochure. The specific payment terms and other conditions of the Performance-Based Fees available to a General Partner are set forth in the applicable Client's governing documents, side letters and/or fee agreements. Through common control, MC Management is affiliated with each Client's respective General Partner. Additionally, as described above in Item 6 of this Brochure, the receipt of Performance-Based Fees from Clients may create an incentive for the General Partners to cause such Clients to make riskier or more speculative investments than they would otherwise make in the absence of Performance-Based Fees. Performance-Based Fees also may incentivize the General Partners to overvalue assets in order to increase the amount of its Performance-Based Fees. Moreover, the performance on which Performance-Based Fees are calculated may, in certain circumstances, include unrealized appreciation and depreciation of investments that may not ultimately be realized and as a result may create an incentive for the General Partners to time investments, and the realization of investments, so as to maximize Performance-Based Fees rather than the returns of Clients. Lastly, Each Client's respective General Partner may be required to return excess amounts of Performance-



Based Fees as a “clawback,” pursuant to the Client’s applicable governing documents. This clawback obligation may create an incentive for a General Partner to defer disposition of one or more investments or delay the liquidation of a Client if the disposition and/or liquidation would result in a realized loss to the Client or would otherwise result in a clawback situation for the General Partner.

MC Management addresses these conflicts of interest by providing in its Joint Code of Ethics that all supervised persons have a duty to act in the best interests of each Client, providing training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under MC Management’s written policies and procedures.

Set forth below are MC Management’s affiliated General Partners and the corresponding Clients:

| General Partners | Client(s) |
|---|---|
| Monroe Capital Partners Fund LLC | Monroe Capital Partners Fund, LP |
| Monroe Capital Partners Fund II, LLC | Monroe Capital Partners Fund II, LP |
| Monroe Capital Private Credit Fund I LLC | Monroe Capital Private Credit Fund I LP |
| Monroe Capital Private Credit Fund II LLC | Monroe Capital Private Credit Fund II LP Monroe Capital Private Credit Fund II (CAIS) LP Monroe Capital Private Credit Fund II (Unleveraged) LP Monroe Capital Private Credit Fund II (Unleveraged Offshore) LP Monroe Capital Private Credit Fund II-O (Unleveraged Offshore) LP |
| Monroe Capital Private Credit Fund III LLC | Monroe Capital Private Credit Fund III LP Monroe Capital Private Credit Fund III (CAIS) LP Monroe Capital Private Credit Fund III (Unleveraged) LP |
| Monroe Capital Fund GP S.à r.l. | Monroe Capital Fund SCSp SICAV RAIF-Private Debt Fund (Marsupial) Monroe Capital Fund SCSp SICAV RAIF-Private Credit Fund III Monroe Capital Fund SCSp SICAV RAIF-Private Credit Fund III (Unleveraged) |
| Monroe Capital Senior Secured Direct Loan Fund LLC | Monroe Capital Senior Secured Direct Loan Fund LP Monroe Capital Senior Secured Direct Loan Fund (Unleveraged) LP Monroe Capital Senior Secured Direct Loan Fund (Offshore) LP |
| Monroe Capital Private Credit Fund VT LLC | Monroe Capital Private Credit Fund VT LP |
| Monroe Private Credit Fund A LLC | Monroe Private Credit Fund A LP |
| Monroe (NP) U.S. Private Debt Fund GP Ltd. | Monroe (NP) U.S. Private Debt Fund LP |
| Monroe Capital Opportunistic Private Credit GP S.à r.l. | Monroe Capital Opportunistic Private Credit Master Fund SCSp |
| Monroe Capital Opportunistic Private Credit Fund LLC | Monroe Capital Opportunistic Private Credit (Delaware) Feeder Fund LP Monroe Capital Opportunistic Private Credit (Cayman) Feeder Fund LP |
| Monroe Capital Private Fund IV GP S.à r.l. | Monroe Capital Private Credit Master Fund IV (Unleveraged) SCSp Monroe Capital Private Credit Intermediate IV (Unleveraged) SCSp Monroe Capital Private Credit (LUX) Feeder Fund IV (Unleveraged) SCSp Monroe Capital Private Credit Master Fund IV SCSp |
| Monroe Capital Private Credit Fund IV GP LLC | Monroe Capital Private Credit (Cayman) Feeder IV (Unleveraged) LP Monroe Capital Private Credit (Delaware) Feeder Fund IV (Unleveraged) LP Monroe Capital Private Credit Feeder Fund IV (Unleveraged) Structured Note LP Monroe Capital Private Credit (Cayman) Feeder IV LP Monroe Capital Private Credit (Delaware) Feeder Fund IV LP |



Affiliated Loan Origination and/or Servicing Businesses

Affiliates of MC Management and certain MC Management Clients and/or their portfolio companies may be engaged in the loan origination and/or servicing businesses. In connection with their lending activities, such loan origination and/or servicing businesses may receive certain fees, including, director's fees, commitment fees, investment banking fees, financial consulting fees, break-up fees, termination fees, closing fees, collateral monitoring fees, debt placement fees and other similar fees received as part of such loan origination and/or servicing businesses. Such fees may be charged on a cost reimbursement or on a cost-plus basis. The Client or the issuers of financial instruments held by the Client may acquire loans originated, structured, arranged and/or placed and/or arranged by such affiliated loan origination and/or servicing businesses and in respect of which such businesses receive fees. To the extent set forth in the governing documents of a Client, some or all of these fees will not be applied to reduce Management Fees or other fees payable by the Client or any of its investments or otherwise directly or indirectly benefit the Client or any of its investors. Such fees will otherwise be borne by the Client or by the issuers of financial instruments held by the Client. See *Item 5 – Fees and Compensation* of this Brochure for more information regarding Transaction Fees and Management Fee Offsets.

Selection of Service Providers

Except as may otherwise be provided under the terms of a Client's governing documents, MC Management or one or more of its affiliates will generally select Clients' service providers and will determine the compensation of such providers without review by or the consent of an advisory board, the investors or an independent party. Clients, regardless of the relationship to MC Management, its affiliates or the person performing the services, bear the fees, costs and expenses related to such services. This may create an incentive for MC Management or an applicable affiliate to select an Affiliated Service Provider or to select service providers based on the potential benefit to MC Management, rather than to Clients. For example, MC Management may select service providers that use its or its affiliates' premises, for which MC Management or one of its affiliates does not currently, but may in the future, receive overhead, rent or other fees, costs and expenses in connection with such on-site arrangement.

MC Management or one or more of its affiliates may engage the same service provider to provide services to a Client that also provides services to MC Management or any such affiliate, which creates a potential conflict of interest to the extent the interests of such parties are not aligned. For example, a law firm may at the same time act as legal counsel to a Client, its General Partner or similar person, MC Management or other affiliates of MC Management.

MC Management and its affiliates address these conflicts of interest by using reasonable diligence to ascertain whether each service provider (including law firms) provides its service on a "best execution" basis, taking into account factors such as expertise, operational and regulatory controls, availability and quality of service and the competitiveness of compensation rates in comparison with other service providers satisfying MC Management's or its affiliates' service provider selection criteria. In addition, in the event such service providers are affiliates of MC Management (as opposed to third parties), the engagement of such providers must typically comply with the conditions applicable to affiliate transactions, if any, set forth in the Clients' governing documents.

Relationship or Arrangements with Affiliates and/or Related Persons



MC Management does not select or recommend non-affiliated investment advisers to Clients or prospective Clients. There are inherent conflicts of interest when a related person provides services to an investment adviser and its clients, in that such arrangements may not be conducted at “arm’s length” and that MC Management may have an incentive to favor a related person over an independent third party.



Item 11 Code of Ethics

MC Management maintains a policy of strict compliance with the highest standards of ethical business conduct and the provisions of applicable federal securities laws, including rules and regulations promulgated by the SEC, and has adopted policies and procedures described in its Joint Code of Ethics. The Joint Code of Ethics has been adopted by each of MC Management, MC Advisor, MC Corporation and MC Income Plus in compliance with Rule 17j 1 under the 1940 Act and Section 204A of the Advisers Act. The Joint Code of Ethics applies to each employee of MC Management and any other “access person” as defined under the Advisers Act. It is designed to ensure compliance with legal requirements of MC Management’s standard of business conduct.

A complete copy of MC Management’s Joint Code of Ethics is available to any Client or prospective Client upon request.

The Joint Code of Ethics is based upon the premise that all MC Management personnel have a fiduciary responsibility to render professional, continuous and unbiased investment advisory services. The Joint Code of Ethics requires all personnel to: (i) comply with all applicable laws and regulations; (ii) observe all fiduciary duties and put Client interests ahead of those of MC Management; (iii) observe MC Management’s personal trading policies so as to avoid “front-running” and other conflicts of interests between MC Management and its Clients; and (iv) ensure that all personnel have read the Joint Code of Ethics, agreed to adhere to the Joint Code of Ethics, and are aware that a record of all violations of the Joint Code of Ethics will be maintained by MC Management’s Chief Compliance Officer, and that personnel who violate the Joint Code of Ethics are subject to sanctions by MC Management, up to and including termination.

Standards of Conduct: MC Management and its access persons are expected to comply with all applicable federal and state laws and regulations. Access persons are expected to adhere to the highest standards of ethical conduct and maintain confidentiality of all information obtained in the course of their employment and bring any risk issues, violations, or potential violations to the attention of the Chief Compliance Officer. Access persons are expected to deal with Clients fairly and disclose any activity that may create an actual or potential conflict of interest between them and MC Management or Client.

Ethical Business Practices: Falsification or alteration of records or reports, also known as a prohibited financial practice, or knowingly approving such conduct is prohibited. Payments to government officials or government employees are prohibited except for political contributions approved by MC Management’s Chief Compliance Officer or his designee. MC Management seeks to outperform its competition fairly and honestly and seeks competitive advantages through superior performance not illegal or unethical dealings. Access persons are strictly prohibited from (i) participating in online blogging and communication with the media, unless approved by the Chief Executive Officer or the Chief Compliance Officer, and (ii) spreading of false rumors pertaining to any publicly traded company.

Confidentiality: Employees must maintain the confidentiality of MC Management’s proprietary and confidential information, and must not disclose that information unless the necessary approval is obtained. MC Management has a particular duty and responsibility, as investment adviser, to safeguard Client information. Information concerning the identity and transactions of investors is confidential, and such information will only be disclosed to those employees and outside parties who may need to know it in order to fulfill their responsibilities.



Gift and Entertainment Policy: Access persons shall not, directly or indirectly, take, accept or receive gifts or other consideration in merchandise, services or otherwise of more than nominal value from any person, firm, corporation, association or other entity other than such person's employer that does business, or proposes to do business, with the MC Management or any of its affiliates.

Personal Trading

Personal Trading Policy: Access persons may not purchase or otherwise acquire direct or indirect beneficial ownership of any covered security, and may not sell or otherwise dispose of any covered security in which he or she has direct or indirect beneficial ownership, if he or she knows or should know at the time of entering into the transaction that: (i) a Client has purchased or sold the covered security within the last 15 calendar days, or is purchasing or selling or intends to purchase or sell the covered security in the next 15 calendar days; or (ii) MC Management has within the last 15 calendar days considered purchasing or selling the covered security for any Client or within the next 15 calendar days intends to consider purchasing or selling the covered security for any Client. Access persons must obtain approval from the Chief Compliance Officer or his designee before directly or indirectly acquiring beneficial ownership in any securities in an initial public offering or in a limited offering (including, private placements).

No access person shall recommend any transaction in any covered securities by Clients without having disclosed to the Chief Compliance Officer his or her interest, if any, in such covered securities or the issuer thereof, including: (i) the access person's beneficial ownership of any covered securities of such issuer; (ii) any contemplated transaction by the access person in such covered securities; (iii) any position the access person has with such issuer; and (iv) any present or proposed business relationship between such issuer and the access person (or a party in which the Access Person has a significant interest).

Access persons are prohibited from buying or selling shares issued by the MC Corporation except during an open trading window announced by MC Corporation's Chief Compliance Officer. Except with the express written consent of MC Corporation's Chief Compliance Officer, all access persons are prohibited from buying or selling options on, or futures or other derivatives related to, shares issued by MC Corporation, and are likewise prohibited from selling short shares of MC Corporation.

Prohibition against Insider Trading: MC Management forbids any access person from trading, either personally or on behalf of others, including Clients advised by MC Management, on material non-public information or communicating material non-public information to others in violation of the law or duty owed to another party. This conduct is frequently referred to as "insider trading". The concepts of material non-public information, penalties for insider trading, and processes for identifying insider trading are addressed in detail in the Compliance Manual and Joint Code of Ethics.

Reporting Requirements: In compliance with SEC rules, access persons are required to disclose all of their personal brokerage accounts and holdings within 10 days of initial employment with MC Management, within 10 days after the end of each calendar quarter of opening a new account, and annually thereafter. Additionally, the last day of the month following each quarter-end, all access persons must report all transactions in reportable securities over which the access person had any direct or indirect beneficial ownership. Access persons are also required annually to affirm all reportable transactions from the prior year.



Privacy and Confidentiality

Privacy Policy: MC Management has adopted a privacy policy that explains the manner, in which MC Management collects, utilizes and maintains nonpublic personal information about Clients and Clients' investors. MC Management recognizes and respects the privacy concerns of potential, current and former Clients and Clients' investors. MC Management is committed to safeguarding this information. As a member of the financial services industry, MC Management will provide this Privacy Policy for informational purposes to Clients, Clients' investors and employees and will distribute and update it as required by law. A complete copy of MC Management's Privacy Policy is available to any Client or prospective Client upon request.

Collection of Information and Disclosure of Nonpublic Personal Information: To provide investors with effective service, MC Management may collect several types of nonpublic personal information about investors, including: (i) information from forms that investors may fill out, such as subscription forms, questionnaires and other information provided by investors in writing, in person, by telephone, electronically or by any other means. This information includes name, address, nationality, tax identification number, and financial and investment qualifications; (ii) information investors may give orally; (iii) information about transactions within MC Management, including account balances, investments and withdrawals; (iv) information about the amount investors have invested, such as initial investment and any additions to and withdrawals from an investment in the Clients; and (v) information about any bank accounts investors may use for transfers to or from accounts (if applicable).

Disclosure of Nonpublic Personal Information: MC Management does not sell or rent Client investor information. MC Management uses this information to conduct business with its Clients: to develop or enhance its products and services; to understand the financial needs of its Clients so that MC Management can provide such Clients with quality products and superior service; and to protect and administer its Clients' records, accounts and funds. MC Management does not disclose nonpublic personal information about its investors to nonaffiliated third parties, except as permitted or required by law. For example, MC Management may share nonpublic personal information in the following situations: (i) to service providers in connection with the administration and servicing of MC Management and its Clients; this may include attorneys, accountants, auditors and other professionals. MC Management may also share information in connection with the servicing or processing of investor transactions; (ii) to affiliated companies in order to provide investors with ongoing personal advice and assistance with respect to the products and services investors have purchased through MC Management and to introduce investors to other products and services that may be of value to such investors; (iii) to respond to a subpoena or court order, judicial process or regulatory authorities; (iv) to protect against fraud, unauthorized transactions (such as money laundering), claims or other liabilities; and (v) upon consent of an investor to release such information, including authorization to disclose such information to persons acting in a fiduciary or representative capacity on behalf of the investor.

Protection of Client Information: MC Management's policy is to require that all employees, financial professionals and companies providing services on its behalf keep Client and investor information confidential. MC Management maintains safeguards that comply with federal standards to protect Client and investor information. MC Management restricts access to the personal and account information of Clients and investors to those employees who need to know that information in the course of their job responsibilities. Third-parties with whom MC Management shares Client or investor information must agree to follow appropriate standards of security and confidentiality. MC Management's privacy policy



applies to both current and former Clients and investors. MC Management may disclose nonpublic personal information about a former Client to the same extent as for a current Client.

Changes to Privacy Policy: MC Management may make changes to its privacy policy in the future. MC Management will not make any change affecting any Client without first sending to that Client a revised privacy policy describing the change.

Potential Conflicts of Interest

MC Management, its affiliates and their respective principals, officers, directors, partners, shareholders, members, managers, employees, agents or other representatives and their respective funds and investment accounts (collectively, the “Related Parties”) engage in a broad range of activities, including activities for their own account and for the accounts of Clients. This section describes various potential conflicts that may arise in respect of the Related Parties, as well as how MC Management address such conflicts of interest. The discussion below does not describe all conflicts that may arise.

Any of the following potential conflicts of interest will be discussed and resolved on a case by case basis. MC Management’s determination as to which factors are relevant, and the resolution of such conflicts, will be made using MC Management’s best judgment, but in MC Management’s sole discretion. In resolving conflicts, MC Management will take into consideration the interests of the relevant Client or Clients, the circumstances giving rise to the conflict and applicable laws. Certain procedures for resolving specific conflicts of interest are set forth below.

Multiple Clients and Affiliated Advisors: Certain inherent conflicts of interest arise from the fact that: (i) MC Management provides investment management services to more than one Client; (ii) Clients may have one or more overlapping investment objectives; and (iii) MC Management and MC Advisors are affiliated and provide investment management services to Clients that also may have overlapping investment objectives. In addition, the investment strategies employed by MC Management for its current and future Clients and by MC Advisors for its current and future advisory clients could conflict with the strategies employed by MC Management for current and future Clients, and may affect the prices and availability of the securities and other assets in which such Clients invest. MC Management or MC Advisors also may advise Clients with conflicting investment objectives or strategies. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Clients.

MC Management addresses these conflicts of interest by providing in its Joint Code of Ethics that all supervised persons have a duty to act in the best interests of each Client, providing training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under MC Management’s and MC Advisors’ written policies and procedures, and through the implementation of allocation of investment opportunities policies and procedures.

Allocation of Investment Opportunities: As stated herein above, MC Management acts as investment adviser to more than one Client that may have similar investment objectives and pursue similar strategies. Certain investments identified by MC Management may be appropriate for multiple Clients. When it is determined by MC Management that it would be appropriate for more than one Client to participate in an investment opportunity, MC Management will generally allocate such investment opportunity among the Clients in proportion to the relative amounts of capital available for new investments, taking into account such other factors as it may, in its sole discretion determine appropriate, including investment objectives,



legal or regulatory restrictions, current holdings, availability of capital for investment, the size of investments generally, risk-return considerations, relative exposure to market trends, targeted leverage level, targeted asset mix, target investment return, diversification requirements, strategic objectives, specific liquidity requirements, as well as any tax consequences, limitations and restrictions on a Client's portfolio that are imposed by such Client's governing documents or other considerations that MC Management deems necessary or appropriate in light of the circumstances at such time. In addition, if it is fair and reasonable that certain Clients are fully filled of their appetite before others (*e.g.*, for tax considerations, to avoid de minimis partial allocations, to cover or close out an existing position to mitigate risk or losses, etc.), then these Clients may receive full or disproportionate allocations, with the remaining amounts allocated in accordance with normal procedures among the other participating Clients. One or more of the foregoing considerations in this paragraph may (and are often expected to) result in allocations among accounts other than on a *pari passu* basis. Accordingly, particular investment may be bought or sold for only one Client or in different amounts and at different times for more than one but less than all Clients, even though it could have been bought or sold for other Clients at the same time. Likewise, a particular investment may be bought for one or more Clients when one or more other Clients are selling the investment. In addition, purchases or sales of the same investment may be made for two or more Clients on the same date. There can be no assurance that a Client will not receive less (or more) of a certain investment than it would otherwise receive if MC Management did not have a conflict of interest among Clients.

In effecting transactions, it is not always possible, or consistent with the investment objectives of MC Management's various Clients, to take or liquidate the same investment positions at the same time or at the same prices. Certain investment restrictions may limit MC Management's ability to act for a Client and may reduce performance. Regulatory and legal restrictions (including restrictions on aggregated positions) may also restrict the investment activities of MC Management and result in reduced performance.

MC Management seek to manage and/or mitigate these potential conflicts of interest described by following procedures with respect to the allocation of investment opportunities for Clients, including the allocation of limited investment opportunities. MC Management's allocation policy is based on a fundamental desire to treat each Client fairly over time.

Capital Structure Conflicts: MC Management and its affiliates have ongoing relationships with many companies whose securities have been acquired by, or are being considered for investment by, Clients. From time to time, MC Management may acquire securities or other financial instruments of an issuer for one Client which are senior or junior securities or financial instruments of the same issuer that are held by, or acquired for, another Client (*e.g.*, one Client may acquire senior debt while another Client may acquire subordinated debt). Conflicts of interest may arise in such circumstances. For example, in the event such issuer enters bankruptcy, the Client holding securities which are senior in bankruptcy preference may have the right to aggressively pursue the issuer's assets to fully satisfy the issuer's indebtedness to the Client, and as a fiduciary, MC Management might have an obligation to pursue such remedy on behalf of such Client. As a result, another Client holding assets of the same issuer which are more junior in the capital structure may not have access to sufficient assets of the issuer to completely satisfy its bankruptcy claim against the issuer and may suffer a loss.

MC Management recognize that conflicts arise under such circumstances and will endeavor to treat all Clients fairly and equitably. To that end, MC Management has adopted procedures that are designed to enable MC Management to address such conflicts and to ensure that Clients are treated fairly and equitably. No Client is permitted to acquire securities or other interests of a class that is senior or junior to a class of



securities of an issuer already held by another Client unless such investment practice has been disclosed to such Client (for example, in the governing documents for each of the affected Clients, which will also contain appropriate risk and conflict disclosures). Additionally, it is MC Management's practice to obtain consent of each respective Client's advisory board before causing or permitting Clients to invest in different tranches or series of loans or securities issued by the same borrower (other than securitized products), unless such participation is pro rata by the Clients across both tranches or series so that there is no conflict.

Conflicts Related to Valuation: MC Management may have a role in determining asset values with respect to Client portfolios and may be required to price an asset when a market price is unavailable or unreliable. This may give rise to a conflict of interest because MC Management may be paid an asset-based fee on certain Client. In order to mitigate these conflicts, MC Management determines asset values in accordance with valuation procedures, which are set forth in MC Management's written policies and procedures.

Diverse Membership: Investors in Clients are expected to include taxable and tax-exempt entities and persons domiciled or organized in various jurisdictions and subject to different tax and regulatory regimes. When investors and Clients co-invest alongside each other, they may have conflicting investment, tax and other interests, relating to, among other things, the nature of investments made by the Client, the structuring or the acquisition of investments and the nature and timing of disposition of investments. As a result, conflicts of interest may arise in connection with decisions made by MC Management including as to the nature and structure of investments that may be more beneficial for one type of investor than for another type of investor. The results of a Client's activities may affect individual investors differently, depending upon their individual financial and tax situations. For example, the timing of a cash distribution or of an event of realization of gain or loss and its characterization as long-term or short-term gain or loss may affect investors differently. In addition, Clients may make investments that may have a negative impact on related investments made by the investors in separate transactions. In selecting, structuring and managing investments appropriate for Clients, MC Management will consider the investment and tax objectives of the Client or Clients as a whole, not the investment, tax, or other objectives of any investor individually. However, there can be no assurance that a result will not be more advantageous to some investors than to others or to affiliates of MC Management than to a particular investor.

Directors of Portfolio Companies: Additional conflicts of interest arise because MC Management or its affiliates and their respective principals, officers, directors, partners, members, managers and employees may serve as directors of, or acquire observer rights with respect to, certain companies in which Clients invest. In the event MC Management or a related person (i) obtains material non-public information in such capacity with respect to any such company or (ii) is subject to trading restrictions pursuant to the internal policies of such company, MC Management may be prohibited from engaging in transactions with respect to the securities or instruments of such company. Such a prohibition may have an adverse effect on Clients. In addition to any fiduciary duties that MC Management partners, principals and employees owe to Clients, as directors of portfolio companies, these MC Management partners, principals and employees owe fiduciary duties to other owners of the portfolio companies, which may be other Clients, and to persons other than Clients.

In general, such director or similar positions are often important to Clients' investment strategies and may have the effect of enhancing the ability of MC Management and its affiliates to manage investments. However, such positions may have the effect of impairing the ability of MC Management to sell the related securities when, and upon the terms, they may otherwise desire. In addition, because of the potential conflicting fiduciary duties that MC Management partners, principals and employees owe to a portfolio



investment, on one hand, and that MC Management owes to the Clients, on the other hand, such positions may place MC Management partners, principals and employees in a position where they must make a decision that is either not in the best interests of Clients or not in the best interests of the other owners of the portfolio investment. Should a MC Management partner, principal or employee make a decision that is not in the best interests of the other owners of a portfolio investment, such decision may subject one or more MC Management and Clients to claims that they would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities claims and other director-related claims. In general, Clients will indemnify MC Management and its partners, principals and employees from such claims. In addition, MC Management partners, principals and employees may make decisions for a portfolio investment that negatively impact returns received by a Client investing in the portfolio investment or in other investments or, conversely, MC Management could make a decision that negatively impacts a portfolio investment and the returns for other Clients that may be invested in the portfolio investment. In addition, because of conflicting fiduciary duties, MC Management may be restricted in choosing investments for Clients, which could negatively impact returns received by the Client. For example, if a MC Management partner, principal or employee was to obtain material nonpublic information about another potential Client investment.

Client Advisory Boards: Certain Clients have advisory boards that consist of representatives of certain investors in such Clients. Any approval or consent given by such advisory boards tends to be binding on such Clients and all of their investors. Advisory boards are also generally authorized to give approvals or consents required under the Advisers Act, including under Section 206(3) of the Advisers Act. To the extent that an investor is not represented by a member of a Client's advisory board, such investor will have no influence over matters submitted to the advisory board for approval. Although MC Management has adopted policies and procedures designed to manage conflicts among Clients, members of the advisory boards may themselves have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted for consideration or review to the advisory boards on which they serve. In addition, if the member has an interest adverse to MC Management, it may not act in the best interest of the Client that it represents. While MC Management may adopt policies or procedures to address such conflicts in the future, they have not done so to date, and it may not be possible to entirely eliminate such conflicts.

Material Non-Public Information: MC Management's Compliance Department maintains a list of restricted securities as to which MC Management or its affiliates may have access to material non-public information and in which Clients are not permitted to trade without prior approval from the Compliance Department. In the event that any employee of MC Management or its affiliates obtains such material non-public information, MC Management may be restricted in acquiring or disposing investments on behalf of Clients, which could impact the returns generated for Clients.

Notwithstanding the maintenance of restricted lists and other internal controls, it is possible that the internal controls relating to the management of material non-public information could fail and result in MC Management, or one of its investment professionals, buying or selling a security while potentially in possession of material non-public information. Inadvertent trading on material non-public information could have adverse effects on the reputation of MC Management, result in the imposition of regulatory or financial sanctions, and as a consequence, negatively impact MC Management's ability to perform investment management services on behalf of Clients. In addition, while MC Management currently operates without information barriers on an integrated basis, MC Management could be required by certain regulations, or decide that it is advisable, to establish information barriers. In such event, MC Management's ability to operate as an integrated platform could also be impaired, which would limit MC



Management's access to affiliate's personnel and impair their ability to manage Clients' investments in the manner in which they currently manage investments.

In an effort to mitigate these risks, MC Management maintains a Joint Code of Ethics, as described herein above, and provides training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under MC Management's policies and procedures.

Investment Activity by MC Management and Affiliates: From time to time, various potential and actual conflicts of interest arise from the overall advisory, investment and other activities of MC Management, its affiliates, and their personnel. MC Management will endeavor to resolve conflicts with respect to investment opportunities in a manner they deem equitable to the extent possible under the prevailing facts and circumstances. MC Management's affiliates invest, on behalf of themselves, in securities and other instruments that would be appropriate for, are held by, or may fall within the investment guidelines of a Client. MC Management's affiliates give advice or take action for their own accounts that may differ from, conflict with, or be adverse to, advice given to or action taken for Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for, one or more Clients. Potential conflicts also arise due to the fact that MC Management's affiliates may have investments in some Clients but not in others, or may have different levels of investments in the various Clients, and that each of the Clients may pay different levels of fees.

MC Advisors, together with the BDCs, engages in a broad range of business activities and invests in portfolio companies whose operations may be substantially similar to and/or competitive with the portfolio companies and other investments in which Clients have invested. The performance and operation of such competing businesses could conflict with and adversely affect the performance and operation of Clients' portfolio companies, and may adversely affect the prices and availability of business opportunities or transactions available to such portfolio companies. MC Management and MC Advisors and each of their respective affiliates (collectively, "Monroe Capital") will seek to resolve conflicts in a manner that Monroe Capital determines in its sole discretion to be fair and equitable.

Other Relationships: Clients may invest in portfolio companies that have relationships with affiliates of MC Management. Such affiliates may take actions that are detrimental to the interests of Clients in such portfolio companies. Subject to the provisions of the Clients governing documents, on any matter involving a conflict of interest, MC Management will be guided by applicable law and seek to resolve such conflict in good faith.

No Arms'-Length Negotiation: None of the agreements between a Client and MC Management or its affiliates is or will be the result of arms'-length negotiations.

Conflicts Related to Relationships with Third Parties: MC Management may work with institutional investment consultants and such consultants may also provide services to MC Management and its affiliates. Consultants may provide transaction advisory services to related parties and related parties may attend conferences sponsored by consultants. MC Management also may be hired to provide investment management or other services to an institutional investment consultant that works with a Client, which may create conflicts. Related parties may in-source or out-source to a third-party certain processes or functions, which may give rise to conflicts. There may be conflict when negotiating with third-party service providers if related parties bear operational expenses of various Clients to the extent that a given fee structure would tend to place more expense on Clients for which related parties have a greater entitlement to reimbursement or less expense on Clients for which related parties have lesser (or no) entitlement to reimbursement.



Related parties may provide information about a Client's portfolio positions to unrelated third parties to provide additional market analysis and research to related parties and they may use such analysis to provide investment advice to other Clients. Related parties may purchase information (such as periodicals, conference participation, papers, surveys) from professional consultant firms, and such firms may have an incentive to give favorable evaluations of related parties to their clients.

Approach to Other Potential Conflicts: Various parts of this Brochure discuss potential conflicts of interest that arise from MC Management's asset management business model. MC Management discloses these conflicts due to the fiduciary relationship with its investment advisory Clients. As a fiduciary, MC Management owes its investment advisory Clients a duty of loyalty. This includes the duty to address, or at minimum disclose, conflicts of interest that may exist between different Clients; between MC Management and Clients; or between its employees and its Clients. Where potential conflicts arise, MC Management will take steps to mitigate, or at least disclose, them. Conflicts that MC Management cannot avoid (or chose not to avoid) are mitigated through written policies that MC Management believes protect the interests of its Clients as a whole. In these cases – which include issues such as personal trading and Client entertainment – regulators have generally prescribed detailed rules or principles for investment firms to follow. By complying with these rules, using robust compliance practices, MC Management believes that it has handled these conflicts appropriately. These interactions are not static; MC Management's business is continually evolving and changes in MC Management's activities can lead to new potential conflicts. MC Management reviews its policies and procedures on an ongoing basis to evaluate their effectiveness and update them as appropriate.



Item 12 Brokerage Practices

Generally, MC Management receives discretionary investment authority from its Clients at the outset of an investment advisory relationship. Subject to the investment objectives, policies and restrictions of each Client as set forth in their respective governing documents, MC Management has discretionary authority to determine the type, amount, and price of securities and investments to be bought and sold on behalf of each Client, including the selection of, and if applicable commissions paid to, counterparties.

Counterparty Selection

MC Management seeks to execute transactions on behalf of its Clients in a manner that is fair and equitable to all Clients, and to exercise diligence and care throughout the transaction process. In placing portfolio transactions, MC Management uses reasonable diligence to ascertain the “best” market price for all securities bought or sold in that market so that the price to the Client is as favorable as possible under prevailing market conditions. The determinative factor is whether the transaction represents the best qualitative execution for the Client and not whether the lowest possible commission cost is obtained. MC Management considers the full range of quality of the broker’s service in selecting brokers to meet best execution obligations and may not pay the lowest commission rates available. MC Management generally takes the following factors into account in selecting brokers for portfolio transactions:

- (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution;
- (iii) the financial strength, integrity and stability of the broker;
- (iv) the broker firm’s risk in positioning a block of securities;
- (v) the quality, comprehensiveness and frequency of available research services considered to be of value; and
- (vi) the competitiveness of commission rates in comparison with other brokers satisfying MC Management’s other selection criteria.

MC Management may not weigh any of these factors equally.

MC Management primarily pursues investment transactions on behalf of its Clients in securities issued by privately held middle market companies, which primarily consist of senior and junior secured and unsecured loans, unitranche loans and other asset-based loans, leasing loans, receivables loans, consumer loans, mezzanine loans, stressed and distressed debt, investment and non-investment grade credit, structured debt and equity, warehouse loan facilities, securitized debt and subordinated notes of collateralized loan obligations and other types of securitized debt tranches of middle market companies. Transactions in such securities are typically privately negotiated and will not require the use of brokers or the payment of brokerage commissions. However, in certain circumstances an assignment fee may be charged by the administrative agent for a particular loan, and fees may be payable when buying and selling bank loans.



Soft-Dollars Arrangements

As of the date of this Brochure, MC Management does not engage in soft dollar arrangements, including participate in any soft dollar relationships with other firms for research or any other service. Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is a “safe harbor” that permits an investment manager to use commissions or “soft dollars” to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. MC Management will limit the use of “soft dollars” to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e).

Brokerage for Client Referrals

MC Management does not consider, in selecting a broker-dealer, whether MC Management or an affiliate receives Client or investor referrals from that broker-dealer.

Directed Brokerage

MC Management does not routinely recommend, request or require that a Client direct MC Management to execute transactions through a specified broker-dealer. Generally, MC Management does not accept Clients who require transactions be executed through a specified broker-dealer. However, Clients may recommend MC Management uses their preferred broker-dealer(s). MC Management will use such broker-dealer(s) subject to its determination that said broker-dealer provides best execution of the Client transactions. In a situation where a Client directs MC Management to place trades with a particular broker-dealer, MC Management may not be free to seek the best price, volume discounts or best execution by placing transactions with other broker-dealers. Additionally, as a result of directing MC Management to place trades with a particular broker-dealer, a disparity in commission charges may exist between the commissions charged to Clients who direct MC Management to use a particular broker-dealer and those Clients who do not direct MC Management to use a particular broker-dealer as well as a disparity among the brokers to which different Clients have directed trades.

Order Aggregation

If MC Management determines that the purchase or sale of the same security is in the best interest of more than one Client, MC Management may, but is not obligated to, aggregate orders in order to reduce transaction costs to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Client will receive the average price with transaction costs allocated pro rata based on the size of each Client’s participation in the order (or allocation in the event of a partial fill) as determined by MC Management. In the event of a partial fill, allocations generally will be made pro rata based on the initial order, but may be modified on a basis that MC Management deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations. This may result in allocations of certain investments on other than a pari passu basis.



Item 13 Review of Accounts

MC Management's Investment Committee has the responsibility to exercise and maintain prudent supervision and control of the Client's portfolio of investments. As stated in Item 8 of this Brochure, the Investment Committee is responsible for overseeing the investment process from the origination of each investment transaction (including deal sourcing, underwriting and acquisition), through asset management and ultimately the realization of the investment. The Investment Committee periodically reviews and ensures the investment policies, guidelines, and objectives of the Client's general investment strategy are achieved and attained per the Client's governing documents. The Investment Committee maintains prudence and effectiveness of each portfolio investment of the Client and formulates and oversees the investment policies and management of the Client's assets, and periodically reviews investment strategies and investment performance. In carrying out its duties the Investment Committee provides recommendations on investment opportunities through a stringent due diligence process to identify investment opportunities that meet the Client's stated investment objective and goals; reviews individual investment performance and recommends changes when appropriate; and works closely with staff to ensure that the investment objectives are being met as stated in the Client's governing documents. In monitoring a Client's portfolio of investments, the Investment Committee ensures (i) the management of investments and capital actions are consistent and comply with attainment of the Client's investment policy, objectives and strategy goals, and (ii) the Client's portfolio is in compliance with legal and regulatory requirements.

MC Management's Finance, Accounting, Compliance and Operations Departments (the "FACO") meets on a periodic basis to review portfolio management, investment processes and related documents evidencing compliance with written policies and procedures for all Clients. Generally, the FACO provides oversight of issues relating to the investment and trading of Clients, such as allocations and best execution. The FACO ensures certain management reports and certifications are reviewed by members of Investment Committee.

The Investment Committee is comprised of Thomas C. Aronson, Michael J. Egan, Alexander Franky, Theodore L. Koenig, Aaron D. Peck, Zia Uddin, Jeremy T. VanDerMeid and Caroline B. Davidson. The Investment Committee meets frequently, if not daily, by meeting in person, telephone conference, or other interactive electronic communication to discuss market conditions, portfolio analysis, and investment transaction matters.

Nature and Frequency of Reporting

MC Management will furnish to all Private Fund investors within 120 days after the Private Fund's fiscal year end an audited, written annual report, which typically includes financial statements prepared in accordance with GAAP, a report of the activities of the Private Fund during the year, a schedule and description of the investments owned, a description of investments acquired or disposed of during the year. The annual report is prepared and the delivery of it are intended to comply with the SEC's custody rule, as described in more detail below in Item 15 of this Brochure. In addition, MC Management will cause annually the delivery of tax information necessary for the completion of income tax returns. On a quarterly basis, each Private Fund investor will be furnished with unaudited financial statements of the Private Fund. Private Fund investors will also receive descriptive information concerning the Private Fund's investments on a quarterly basis.



With respect to the CLO Funds, the independent Trustees of the CLO Funds generally prepare monthly compliance reports. Additionally, MC Management may prepare periodic investor letters, portfolio profile summaries and pro forma results to supplement and further clarify any trustee reports.

MC Management also generally holds annual or semi-annual limited partnership meetings to review with Fund investors the investments made on their behalf.



Item 14 Client Referrals and Other Compensation

MC Management does not receive any economic benefits, including sales awards or prizes, from non-clients for providing investment advice and other advisory services.

Currently MC Management nor its affiliates directly or indirectly compensate any third-party for advisory client referrals (each a “Solicitor”). In the event MC Management desires to engage a third-party Solicitor in the future to solicit prospective advisory clients, such third-party client solicitation arrangements will be made in compliance with Rule 206(4)-3 of the Advisers Act (the “Cash Solicitation Rule”), which requires that, among other things, compensation to a Solicitor be made pursuant to a written agreement and, for third-party Solicitor arrangements, that the Solicitor provide to each person solicited for MC Management’s advisory services, a written disclosure statement (the “Solicitor’s Disclosure Statement”) and current copy this Brochure.

However, MC Management has entered into and may enter into written agreements with, and compensate non-affiliated third-parties for referring investors into the Clients (*i.e.*, the Funds) (each a “Placement Agent”). These Placement Agent arrangements will be fully disclosed to affected investors and will generally be consistent with the requirements of the Cash Solicitation Rule under the Advisers Act, which only applies to the solicitation of Clients and not investors. Generally, the terms of such arrangements will vary but call for MC Management to pay the Placement Agent a fee equal to a percentage of capital contributions, Management Fees, incentive fees, incentive allocations, or a combination of such contributions or fees borne by each investor introduced to a Fund by the Placement Agent.



Item 15 Custody

While it is MC Management's practice not to accept or maintain physical possession (*i.e.*, custody) of any Client assets, MC Management may be deemed, under Rule 206(4)-2 of the Advisers Act (the "Custody Rule"), to have custody of the assets of certain Clients by virtue of its common control with the Clients' respective General Partner and the authority the General Partner has over such Clients or their assets.

In order to comply with the Custody Rule, MC Management utilizes the services of "qualified custodians" (*e.g.*, banks) to hold and maintain all cash and securities of the Clients (except with respect to privately offered securities). In accordance with the Custody Rule, MC Management also (i) has engaged independent public accounting firms that are members of, and examined by, the Public Company Accounting Oversight Board ("PCAOB") to conduct annual audits of each Client with assets over which MC Management is deemed to have custody; and (ii) distributes audited annual financial statements of such Clients, prepared in accordance with GAAP, to all investors within at least 120 days after the Client's fiscal year end. In addition, upon the final liquidation of any such Client, MC Management will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Client to all investors promptly after completion of the audit. Qualified custodians are not expected to provide account statements directly to investors in the Clients.

With respect to the CLO Funds, MC Management is not deemed to have custody.

MC Management's Agency Account

The senior loans held in MC Management Funds' portfolios that are originated or otherwise sourced by MC Management are typically funded by a loan syndicate organized by MC Management (a "Loan Syndicate"). In most cases, MC Management serves as the administrative agent to such Loan Syndicates. The participants in a Loan Syndicate (the "Loan Syndicate Participants") generally include MC Management and its affiliates, MC Management's Funds, and other bank and non-bank lenders.

As the administrative agent to the Loan Syndicates, MC Management performs the duties and responsibilities typically assigned to an administrative agent for and on behalf of each Loan Syndicate. Each Loan Syndicate's credit agreement requires MC Management to follow negotiated guidelines or formulas regarding the movement of cash to and from the lenders and the borrower, as applicable, for the Loan Syndicate (*e.g.*, the collection of loan proceeds from lenders and their disbursement to the borrower, as well as the use and distribution of payments received from the borrower). Accordingly, MC Management, in its capacity as the administrative agent, applies the terms of each credit agreement and has no authority to determine how the cash is used, allocated or disbursed.

A single bank account (the "Agency Account"), established by MC Management and maintained by a major U.S. bank that meets the definition of a "qualified custodian" under the Custody Rule, facilitates the movement of cash to and from the lenders and the borrowers, as applicable, for all of the Loan Syndicates. The Agency Account was opened by and in the name of MC Management as agent for the Loan Syndicate Participants (*i.e.*, the funds related to the Loan Syndicates are not held in separate accounts or sub-accounts for each Loan Syndicate Participant under the Loan Syndicate Participant's name, but are commingled in the Agency Account). The qualified custodian of the Agency Account does not send Agency Account statements to the Loan Syndicate Participants.



Under SEC guidance, MC Management is deemed to have custody over Client assets in the Agency Account because of MC Management's role as administrative agent to the Loan Syndicate Participants, which include our Clients. In such role, MC Management has access to, and authority over, monies in the Agency Account. Although MC Management has no authority to determine how the cash is used, allocated or disbursed.

In light of the foregoing, MC Management must rely on alternative means of complying with the Custody Rule. Recent guidance from the SEC under a No-Action Letter issued in December 2018 to Madison Capital Funding LLC provides such alternative means. Accordingly, MC Management has implemented measures to satisfy the requirements set forth in the *Madison Capital* No-Action Letter. By satisfying such requirements, MC Management's dual activity as administrative agent and investment adviser, meet the conditions to be in compliance with Rule 206(4)-2(a)(1) and 206(4)-2(a)(3).



Item 16 Investment Discretion

MC Management generally has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Client, including the selection of, and commissions paid to, broker-dealers. This discretionary authority is subject to the investment objectives, policies and restrictions as set forth in the governing documents of each such Client. For MC Management to assume such discretionary authority, each investor must complete the appropriate Client subscription documents or an Investment Management Agreement prior to the establishment of an advisory relationship granting such authority.



Item 17 Voting Client Securities

Proxy Voting Authority

MC Management specializes in fixed income securities and bank debt, and does not generally receive proxies for securities held in Client portfolios. However, should MC Management receive proxies for securities held in Client portfolios it understands and appreciates the importance of proxy voting and will generally manage the receipt of incoming proxies, maintain a log of all proxies, and place votes based on established policies and guidelines. In the course of exercising discretion to vote a proxy, MC Management will vote any such proxies in the best interests of the Clients and in accordance with the procedures outlined below (as applicable).

Prior to voting any proxies, MC Management's Chief Compliance Officer will determine if there are any conflicts of interest related to the proxy in question. If a conflict is identified, the Chief Compliance Officer will then make a determination (which may be in consultation with a third-party compliance consultant) as to whether the conflict is material or not. If no material conflict is identified pursuant to its set procedures, the Chief Compliance Officer will, following discussion with MC Management's investment personnel, make a decision on how to vote the proxy in question.

MC Management also has the flexibility to abstain from a particular proxy vote when it is determined to be in the best interest of investors.

Please let MC Management's Chief Compliance Officer know if you have any questions about these procedures or if you would like detailed information of how any proxies were actually voted. The Chief Compliance Officer can be contacted at (312) 258-8300 or info@monroecap.com.



Item 18 Financial Information

MC Management does not solicit prepayment of more than \$1,200 in fees per Client six months or more in advance, and thus has not provided a balance sheet according to the specifications of 17 CFR Parts 275 and 279. There is no financial condition that is reasonably likely to occur that would impair MC Management's ability to meet contractual commitments to Clients. MC Management has not been the subject of a bankruptcy petition during the past ten years.

