

1. Cover Page

**New Mountain Credit CLO Advisers, L.L.C.
Part 2A of Form ADV
The Brochure**

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March 30, 2022

This brochure provides information about the qualifications and business practices of New Mountain Credit CLO Advisers, L.L.C. (“NMCLO”). If you have any questions about the contents of this brochure, please contact us at 212-720-0300. 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. An investment adviser’s registration with the SEC does not imply any level of skill or training.

Additional information about NMCLO is also available on the SEC’s website at: www.adviserinfo.sec.gov.

2. Material Changes

The following is a summary of the material changes since our most recent annual updating amendment to this Brochure, which was filed on March 31, 2021:

- A change in our principal office and place of business to 1633 Broadway, 48th Floor, New York, NY 10019.
- The discussion of fees and compensation in Item 5 has been updated.

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4. ADVISORY BUSINESS

The primary business of New Mountain Credit CLO Advisers, L.L.C. (“NMCLO”) is to act as the collateral manager to issuers of collateralized loan obligations backed by debt obligations and similar assets (including short-term and long-term warehouse credit or repurchase agreement facilities entered into to finance the preliminary accumulation and “ramp-up” of assets comprising the initial pool of collateral securing any such issuer, as well as other warehouse, repurchase or other credit facilities and/or special purpose vehicles, all of which are collectively referred to herein as “CLOs”). NMCLO was organized in 2019 and is registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment adviser under the Investment Advisers Act of 1940, as amended (“Advisers Act”).

Each CLO is described and governed by a variety of documents, including: offering circular; collateral management agreement; indenture; account agreement; note purchase or placement agreement; subscription agreements; and other transaction documents (collectively, the “Governing Documents”), that describe the roles of various persons involved in the CLO, establish NMCLO’s authority to manage the CLO and the limits on that authority and set forth detailed eligibility criteria, specifications and requirements regarding the types of investments and describes the overall composition of the CLO’s portfolio (including by imposing, diversification, ratings and concentration tests). While, in many cases, certain prospective investors in the CLO Securities (as defined in Item 7, below) will influence the investment criteria, guidelines, and other terms set forth in the final Governing Documents for the CLO, it is generally the case that NMCLO’s investment advice will be limited to managing loans.

NMCLO, a Delaware Series Limited Liability Company, has established multiple separate series (each a “Series”) through which it conducts the following activities: (i) collateral management services for CLOs (the “Management Series”); (ii) EU risk retention “origination” activities including, but not limited to, holding loans on its own account as an “originator” for purposes of the EU Securitization Laws (as defined in Item 11, below) (an “Originator Series”); and (iii) owning investments in the CLOs of which NMCLO is collateral manager including but not limited to EU Retention Interests and the Preferred Return Notes and Performance Notes (each as defined in Item 11, below) issued by each CLO in respect of which NMCLO holds an EU Retention Interest (an “Investment Series”). Some or all of the interests in each Series will be held by NMCLO or an affiliate but third parties could be direct or indirect investors in any Series. Except as otherwise stated, the activities of NMCLO as described herein are activities of the Management Series. NMCLO’s principal owner and managing member is New Mountain Capital Group, L.P. (“NMC Group” and, together with its affiliates, “New Mountain” or the “Firm”), whose ultimate owners include Mr. Klinsky, a minority investor, all of New Mountain’s Managing Directors (currently, thirty-three individuals) and related and other vehicles. Despite Mr. Klinsky’s controlling and ownership positions, all of New Mountain’s team members broadly share in the economics of the Firm through the receipt of “carry” or “phantom carry” in every New Mountain private equity transaction. Mr. Klinsky founded the Firm in 1999. Collectively, New Mountain manages or advises various types of investment advisory clients including public and private equity funds, private credit funds, and publicly traded and private business development companies (“Clients”).

NMCLO commenced operations in 2020 and as of the date of this brochure provides discretionary management services to New Mountain CLO 1 Ltd, New Mountain CLO 2 Ltd, and New Mountain CLO 3 Ltd each a “CLO” as defined above.

As of December 31, 2021, NMCLO had \$1,401,639,306 in assets under management, all of which are managed on a discretionary basis.

5. FEES AND COMPENSATION

Management and Incentive Fees

NMCLO’s fees for collateral management services to a CLO are negotiated on a case-by-case basis but generally will include senior and subordinated management fees, which typically begin to accrue at closing and are paid quarterly in arrears, and performance-based fees and other fees and expenses. For each CLO these are paid as set forth in the Governing Documents.

The CLOs pay, and investors in the CLOs bear, the fees charged by NMCLO as collateral manager, including senior and subordinated asset-based collateral management fees as well as performance-based fees, which are described in more detail below in Item 6. Senior collateral management fees are paid in accordance with the priority of payments after the payment of certain CLO expenses, but prior to principal and interest payments and distributions on the notes (other than notes representing equity in the CLO) issued by the CLO. Subordinated collateral management fees are paid in accordance with the priority of payments set forth in each CLO’s respective indenture, after the payment of certain CLO expenses and payments on the secured notes issued by the CLO, but prior to any payments on the CLO’s equity.

Transaction-Related Fees

In connection with investments made by certain clients and as part of our advisory compensation, NMCLO and/or its affiliates will receive and/or retain origination, commitment, documentation, structuring, facility, monitoring, amendment, administrative agent and/or other transaction fees (“Investment Related Fees”) in connection with investments held or proposed to be held by one or more clients or by third parties. The potential for NMCLO and its affiliates to receive these economic benefits creates a conflict of interest, as NMCLO and its affiliates have an incentive to originate or invest in investments that provide such benefits and to allocate such investments to clients or third parties that pay advisory compensation that includes our retention of Investment Related Fees.

In the event these benefits are only partially offset against management fees payable to us, NMCLO and its affiliates could receive higher total compensation or other additional benefits than NMCLO and its affiliates would receive in a compensation structure that does not contain transaction-related compensation or for which such compensation is fully offset. As such, NMCLO has a financial incentive to originate investments other than the incentive associated with a management fee and a performance payment. To partially mitigate this, our allocation policy prevents us from allocating investments based on whether a particular client allows us or our affiliates to retain transaction fees earned in connection with the client’s investments without offsetting such transaction fees against management fees.

Other Fees

NMCLO also, from time to time, receives fees from its affiliates, in the affiliate's discretion, relating to certain warehouse facilities. These fees are paid as a percentage of net realized gains but only if such affiliates were the sole investors in the equity of the warehouse facility. These fees are generally paid at closing of the CLO, using funds generated by the offering of the CLO securities.

Expenses

In addition to fees paid to the Management Series of NMCLO for collateral management services and, as set forth in each CLO's Governing Documents, CLOs pay and investors in the CLO bear a variety of other expenses relating to the CLO's operations. These can vary by CLO, but typically will include, among other things: (i) all fees and out of pocket costs and expenses incurred by NMCLO or its affiliates in connection with the formation of the CLO and the consummation of its closing, including, without limitation, legal and other expenses (excluding travel) incurred in connection with the offer and sale of interests in the CLO; (ii) the charges and expenses of maintaining the CLO's bank accounts or of any banks, custodians or depositories appointed for safekeeping of investments and property of the CLO, including the costs of third party bookkeeping and accounting services; and (iii) all direct costs, fees and expenses incurred by NMCLO or its affiliates that are related to the CLO's management and operations, including but not limited to: (a) travel costs, spreads or other transaction costs, transfer taxes and other expenses directly related to the investigation of investment opportunities (whether or not consummated) or the acquisition, ownership, management, financing, retention, sale or other disposition of any investment or other asset of the CLO; (b) fees and expenses of third party bookkeeping, accounting services, pricing and valuation services, shadow accounting services and reconciliation services; costs of any in-person special meetings of the CLO's investors that are requested by an investor; federal, state and local taxes and filing fees, as well as costs and expenses related to preparation of tax filings and tax reporting; (c) fees and expenses of third party consultants, accountants, auditors and counsel; (d) an allocable portion of the compensation and overhead expenses of employees of NMCLO or its affiliates who provide legal services for the CLO; (e) expenses related to compliance with applicable regulatory and/or reporting requirements with respect to the CLO that are or could in the future be imposed by the SEC, the U.S. Commodity Futures Trading Commission ("CFTC"), any state securities commission or any other regulatory body (including Section 13 and Section 16 filings under the Securities Exchange Act of 1934 ("Exchange Act") and Form PF filings); (f) expenses related to NMCLO's or its affiliates' compliance with applicable regulatory and/or reporting requirements with respect to the management and/or sponsorship of the CLO that are or could in the future be imposed by the SEC, the CFTC, any state securities commission or any other regulatory body; (g) insurance premiums; (h) litigation expenses; (i) expenses associated with the preparation and distribution of reports (including financial statements) to the CLO's investors; (j) costs for forming any subsidiaries of the CLO; (k) any extraordinary expenses; and (l) costs of any third parties and any affiliates of NMCLO retained to provide services relating to the assets held by the CLO; and (iv) all other expenses not specifically provided for above that are incurred by NMCLO or its affiliates in connection with the management or operation of the CLO, or performing the duties of NMCLO under any applicable agreement. Additionally, as noted above, certain clients' advisory arrangements include in compensation Investment Related Fees retained by NMCLO or an affiliate.

To the extent any such expenses or costs are incurred for the benefit of more than one of the CLOs or for one or more CLOs and other entities affiliated with or advised by New Mountain, New Mountain will make a good faith allocation of such expenses or costs among relevant entities. Where Investment Related Fees are paid in connection with an investment in which Investment Related Fees are included in advisory compensation for certain clients and another client's advisory fee does not include retention of Investment Related Fees, we retain only the portion of such Investment Related Fees attributable to the former clients' investments.

Neither NMCLO nor any of its supervised persons accept compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

See also Item 12: "Brokerage Practices" for more information as to expenses incurred in connection with a CLO's transactions.

6. PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As discussed above, CLOs generally are assessed a performance-based fee that is paid to NMCLO as collateral manager. The performance-based fee is assessed periodically (generally, quarterly), as provided in each CLO's Governing Documents. The performance-based fee is payable only after the CLO has achieved a certain return target, typically in the form of an internal rate of return hurdle, which is based on payments received by the equity holders thereunder in relation to their initial investment in the CLO. Additionally, as discussed in Item 11, it is anticipated that certain of the CLOs will issue a Performance Note to a NMCLO Investment Series.

Pursuant to a Shared Services Agreement between NMC Group and NMCLO, investment advisory personnel of NMCLO are shared with one or more of NMCLO's affiliated investment advisers (each an "Affiliated Adviser"), which manage accounts that pay performance-based fees. When New Mountain or its investment advisory personnel manage accounts that charge only management fees as well as accounts that charge both management fees and performance-based fees, or manage accounts with different performance-based fees, or in which there are otherwise differing pecuniary interests, a variety of conflicts of interest arise. In these cases, there is an incentive to favor those accounts that are expected to offer the potential for higher profitability or in which the pecuniary interests are relatively greater in the devotion of time and resources and the allocation of investment opportunities. Performance fee arrangements also create an incentive to recommend or select investments that are riskier or more speculative than those that might be recommended under a different fee arrangement. New Mountain seeks to mitigate these risks and conflicts of interest by, among other things, allocating investments among clients with similar investment programs but different incentive structures in a manner consistent with the New Mountain allocation policy ("Allocation Policy").

7. TYPES OF CLIENTS

NMCLO expects that each current and future CLO will be an exempted company incorporated with limited liability under the laws of the Cayman Islands, Jersey, or Bermuda. In general, a CLO is a pooled investment vehicle that has a tiered capital structure, issuing senior and mezzanine notes that are rated by one or more rating agencies (the "Rated Notes") and unrated subordinated notes (the "Equity" and, together with the Rated Notes, the "CLO Securities"). The CLOs are, and

are expected to be, excepted from the definition of an “investment company” pursuant to Section 3(c)(7) of the Investment Company Act of 1940, as amended (the “1940 Act”) and the CLO Securities are expected to be exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”) pursuant to Regulation D and/or Regulation S thereunder.

To the extent that the CLOs will not be investment companies subject to the 1940 Act and the CLO Securities will not be required to be registered under the Securities Act, CLO Securities are offered and sold in private placement transactions only to investors that are either (i) non-U.S. Persons in offshore transactions in reliance on Regulation S or (ii) both “qualified institutional buyers” (as defined in Rule 144A under the Securities Act) and “qualified purchasers” (as defined in Section 2(a)(51) of the 1940 Act), provided that certain notes can be issued to persons or entities that are both “accredited investors” as defined in Section 501(a) of Regulation D under the Securities Act and either qualified purchasers or “knowledgeable employees” within the meaning of Rule 3c-5 under the 1940 Act.

Additional details concerning applicable investor suitability criteria are provided in each CLO’s Governing Documents. In most cases, CLO Securities must be purchased in minimum denominations of \$250,000, but these minimums can be waived in certain circumstances.

8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

This Item 8 describes certain material risks that are generally applicable to the CLOs. However, investors should also review each CLO’s offering documents to understand the risks and potential conflicts of interest associated with the CLO.

Once fully invested, and until liquidated, it is expected that substantially all of the collateral supporting each CLO’s Notes will consist of loans held directly or to which the CLO is exposed through a participation. Like all investments, the CLOs’ investments in loans, and an investor’s investments in CLO Securities, involves material risks. Loans can be “senior” loans, which can include term loans, revolving credit facilities, delayed draw credit facilities and unitranche loans or loans that are more junior. Senior loans hold a senior position in the capital structure of the borrower, are typically secured by collateral and have a claim on the assets and/or stock of the borrower that is senior to that held by subordinated debt- and equity-holders of the borrower.

Certain senior loans, such as unitranche loans, include inter-creditor arrangements whereby one group of lenders contractually agrees to subordinate its right to receive payments with respect to its interests in such unitranche loan to the rights of one or more other groups of lenders under certain circumstances such as after an event of default under such loan. While the protection offered to a senior loan by virtue of being in a senior position to others with claims on the assets of the borrower can reduce risk, senior loans still present significant credit risk, particularly if they arise in connection with highly leveraged transactions such as leveraged buyouts, leveraged recapitalization loans and certain other types of acquisition financing. Loan obligations associated with these types of transactions are subject to greater credit risk (including default and bankruptcy) than many other investments. Junior, or subordinated loans, are potentially subject to greater risks with fewer protections for the lender.

Each CLO's mandate is expected to be substantially limited to investing in loans and include various other requirements and restrictions such that the CLOs are not expected to be diversified across a variety of asset classes. CLOs do not represent a complete investment program for investors and NMCLO expects that an investor's interests in a CLO that NMCLO manages will not represent all of the investor's assets. NMCLO's investment approach involves a substantial degree of risk that investors must be prepared to bear; NMCLO's advisory services are not suitable for every investor rather, they are intended only for sophisticated investors who can understand and accept the risks associated with investments in CLOs, including the partial or total loss of such investment. NMCLO advises only the CLO and not any investor therein, including about how an investor can or should structure their overall investment program. Each investor is responsible for appropriately diversifying its own assets to guard against the risk of loss of their investment in a CLO.

CLOs involve a variety of material risk, including the risk of loss of an investor's entire investment. Below are descriptions of certain of the risks associated with the investment strategies of the CLOs that NMCLO manages, and the asset classes in which they invest. Prospective investors should review and carefully consider the risks associated with NMCLO's investment approach and investments in loans including, but not limited to, those discussed below, as well as the offering documents and the Governing Documents for the relevant CLO to better understand the risks associated with a possible investment in CLO Securities as well as the conflicts that NMCLO faces in managing CLOs. Prospective investors should also consider consulting their own legal, tax and financial advisors as to all of these risks.

No Assurance of Investment Return

Investment in a CLO entails a high degree of risk. There can be no assurance that any CLO will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of investments in which such CLO participates. There can be no assurance that any investment in a CLO will return any distribution from the CLO. Although NMCLO expects that each CLO will receive current income yields from investments over time, partial or complete sales, transfers or other dispositions of investments which could result in a return of capital or the realization of gains, if any, are generally not expected to occur for a number of years after an investment is made. Accordingly, an investment in a CLO should only be considered by persons for whom a speculative, illiquid and long-term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment. There can be no assurance that projected or targeted returns for any CLO will be achieved.

Limited Operating History

NMCLO has a limited operating history upon which an investor can evaluate performance of a CLO advised by NMCLO. There can be no assurance that a CLO will be able to implement its investment strategy and investment approach or achieve its investment objective or that an investor will receive a return of its capital. Moreover, a CLO is subject to all of the business risks and uncertainties associated with any new fund, including the risk that it will not achieve its investment objective. The past performance of New Mountain is not a reliable indicator of the future performance of the CLOs. Accordingly, clients should draw no conclusions from the performance of any other New Mountain products and should not expect to achieve similar results.

Effect of Substantial Losses on the Operations of NMCLO

If, due to extraordinary market conditions or other reasons, a CLO or its affiliates were to incur substantial losses, the revenues of NMCLO and its affiliates can decline substantially. Such losses can hamper NMCLO's and its affiliates' ability to (i) retain employees and (ii) provide the same level of service to the CLOs as it has in the past.

Risks Relating to Market Conditions Generally

General Economic and Market Conditions

CLOs are affected by general economic and market conditions and the financial health of corporate borrowers. Negative trends or volatility in economic conditions generally or in particular financial and credit markets are likely to increase the number of non-performing collateral obligations and decrease the value and collectability of the thereof. It is difficult to predict which markets, products, businesses and assets will be affected by particular economic or business conditions (or to what degree the health of particular markets or industries are dependent on monetary policies by central banks, particularly the Federal Reserve). There is no assurance that conditions in the credit and other financial markets will remain stable and will not deteriorate at any time and there is a material possibility that economic activity will be volatile or will slow over the moderate to long term. Negative economic trends would also increase the likelihood that major financial institutions or other entities having a significant impact on the financial and credit markets could suffer a bankruptcy or insolvency, similar to events that occurred during the recession in the U.S. economy several years ago. Several nations, particularly within the European Union, have recently suffered or are currently suffering from significant economic distress. There can be no assurance as to the resolution of the economic problems in those countries, nor as to whether such problems will spread to other countries or otherwise negatively affect economies or markets. Signs of deteriorating sovereign debt conditions in Europe and concerns of economic slowdown in China create uncertainty that could lead to further disruptions and instability. A debt default by a sovereign nation or other potential consequences of these economic problems could trigger additional crises in the global credit markets and overall economy which could have a significant adverse effect on CLOs. In addition, some obligors of collateral obligations are organized or have a substantial percentage of their revenues or assets in certain of such countries currently suffering from economic distress, or other countries that could begin to suffer economic distress, and the uncertainty and market instability in any such country would increase the likelihood of default by such obligor. In the event of its insolvency, any such obligor, by virtue of being organized in such a jurisdiction or having a substantial percentage of its revenues or assets in such a jurisdiction, would be more likely to be subject to bankruptcy or insolvency proceedings in such jurisdiction at the same time as such jurisdiction is itself potentially unstable. In addition, it is possible that countries that have adopted the Euro could abandon the Euro and return to a national currency and/or that the Euro will cease to exist as a single currency in its current form. The effects on a country of abandonment of the Euro or a country's forced expulsion from the EU are impossible to predict, but are likely to be negative. The exit of any country out of the EU or the abandonment by any country of the Euro would likely have a destabilizing effect on all Euro-zone countries and their economies and a negative effect on the global economy as a whole.

These events could create difficulties in accessing debt and equity capital, and a severe disruption in the global financial markets, deterioration in credit and financing conditions or uncertainty regarding U.S. government spending and deficit levels, European sovereign debt, Chinese economic slowdown or other global economic conditions could have a material adverse effect on the CLOs.

Highly Competitive Market for Investment Opportunities

The activity of identifying, completing and realizing attractive investments is highly competitive, and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. In particular, in light of changes in such conditions, including changes in long-term interest rates, certain types of investments could be unavailable to a CLO on terms that are as attractive as the terms on which opportunities were available to previous investment programs sponsored by New Mountain. Each CLO will be competing for investments with many other investors. Competition for appropriate investment opportunities can increase, thus reducing the number of investment opportunities available to the CLOs and adversely affecting the terms upon which investments can be made. Additionally, a CLO can incur due diligence costs, bidding costs, or other expenses on potential investments that are not successful. As a result, a CLO might not recover all of its costs, which would adversely affect returns. There can be no assurance that a CLO will be able to locate and complete investments which satisfy the CLO's rate of return objectives, or that it will be able to invest fully its committed capital. To the extent that a CLO encounters competition for investments, returns to investors can decrease.

Governmental Interventions

Extreme volatility and illiquidity in markets has in the past led to, and could in the future lead to, extensive governmental interventions in equity, credit and currency markets. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed, what the interim or permanent restrictions will be and/or the effect of such restrictions on the CLOs' strategies.

Potential Interest Rate Increases

The United States is currently experiencing low interest rate levels. However, the continued recovery of the U.S. economy and recent and potential future changes in U.S. government policy, including the tapering of the U.S. Federal Reserve Board's (the "Fed") quantitative easing program, increase the risk that interest rates will rise in the near future. The Fed has signaled a series of rate increases during 2022, these and any future interest rate increases could result in periods of volatility and cause the value of the CLO's assets to decrease, negatively impacting the performance of the CLOs.

Coronavirus and Public Health Emergencies

As of the date of this brochure, there is an outbreak of a novel and highly contagious form of coronavirus (“COVID-19”), which the World Health Organization has declared to constitute a “Public Health Emergency of International Concern.” The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity, debt, derivatives and commodities markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting (or strongly encouraging) quarantines, prohibitions on travel, the closure of offices, businesses, schools, retail stores, restaurants, hotels, courts and other public venues, and other restrictive measures designed to help slow the spread of COVID-19. Businesses have also implemented similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries. Accordingly, as COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on a CLO and its portfolio companies and could adversely affect a CLO’s ability to fulfill its investment objectives.

The extent of the impact of any public health emergency on a CLO’s and their portfolio companies’ operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and spending levels, and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of a CLO’s portfolio companies, a CLO’s ability to source, manage and divest investments and a CLO’s ability to achieve its investment objectives, all of which could result in significant losses to a CLO. In addition, the operations of a CLO, its portfolio companies, and NMCLO may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of the personnel of any such entity or the personnel of any such entity’s key service providers.

Global Economic, Political and Market Conditions

The current worldwide financial market situation, as well as various social and political tensions in the U.S. and around the world, have contributed to increased market volatility, and could have long-term effects on the U.S. and worldwide financial markets, and could cause economic uncertainties or deterioration in the U.S. and worldwide. There is continued concern about national-level support for the Euro and the accompanying coordination of fiscal and wage policy among European Economic and Monetary Union member countries. On January 31, 2020, the United Kingdom (the “UK”) withdrew from the EU (such departure from the EU, “Brexit”). A

transition period followed, which concluded on December 31, 2020. During the transition period, the UK effectively remained in the EU from an economic perspective but no longer had any political representation in the EU parliament. On December 30, 2020, the EU and UK signed an agreement on the terms governing certain aspects of the EU's and the UK's relationship following the end of the transition period. There continues to exist significant uncertainty regarding the final consequences of Brexit. Brexit has and for the foreseeable future will continue to adversely affect economic and market conditions in the UK, in the EU and its member states and elsewhere, and also contribute to uncertainty and instability in global financial markets. In addition, the political relationships between the United States and foreign nations, such as Russia and China, could have a severe impact on the worldwide and U.S. financial markets. For example, tensions between Russia and Ukraine have resulted in an invasion by Russia and significant sanctions imposed by the United States and other Western countries, including significant restrictions on access by Russia to certain financial systems and has exacerbated existing supply chain and pricing pressures. The conflict and related sanctions have and likely will continue to have significant macroeconomic impacts that could impact obligors, even if not located in or connected with a sanctioned country or an area in which a conflict exists. NMCLO cannot predict the effects of these or similar events in the future on the U.S. economy and securities markets or on a CLO's investments. We monitor developments and seek to manage our investments in a manner consistent with achieving our investment objective, but there can be no assurance that we will be successful in doing so.

Trade Policy

Political leaders in the U.S. and certain European nations have recently been elected on protectionist platforms, fueling doubts about the future of global free trade. The U.S. government has indicated its intent to alter its approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries. In addition, the U.S. government has recently imposed tariffs on certain foreign goods, including steel and aluminum and has indicated a willingness to impose tariffs on imports of other products. Some foreign governments, including China, have instituted retaliatory tariffs on certain U.S. goods and have indicated a willingness to impose additional tariffs on U.S. products. Global trade disruption, significant introductions of trade barriers and bilateral trade frictions, together with any future downturns in the global economy resulting therefrom, could adversely affect the performance of the CLOs.

Regulatory Risks

Legal, tax and regulatory changes could occur that could adversely affect the CLOs. Regulatory requirements could impose filing fees and other additional expenses on a CLO and could adversely affect the CLO's ability to acquire or dispose of investment positions. The CLOs and/or NMCLO could also be subject to regulation in jurisdictions in which NMCLO engages in business. The regulatory environment for private investment funds, including CLOs, is evolving. Recently proposed SEC rules would (if adopted) result in significant burdens on private funds (including CLOs), their managers and investors; these and other regulatory changes could adversely affect the value of investments held by a CLO and the ability of a CLO to effectively employ its investment strategies. Increased scrutiny and legislative changes applicable to private investment funds and their sponsors could also impose significant administrative burdens on NMCLO and

could divert time and attention from investment advisory activities. The effect of any future regulatory change on the CLOs could be substantial and adverse.

Risks Relating to Loans

Investing in Loans

The CLOs can originate loans or purchase loans through the secondary markets. As secondary-market trading volumes increase, new loans are frequently adopting standardized documentation to facilitate loan trading, which could improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to other markets.

The CLOs invest in loans, either directly (by way of assignment from the selling institution) or indirectly (by purchasing a participation interest in such loan from the selling institution). As described in more detail below, (see “—*Participations and Other Indirect Economic Interests*”) and other participations like other indirect economic interests, involve additional risks not present when holding a direct interest in a loan.

Participations and Other Indirect Economic Interests

The CLOs can hold participation interests or other indirect economic interests in loans or other debt obligations. In such circumstances, the CLOs will not directly own the debt obligations underlying such participation or other economic interests and/or have custody thereof. As a result, the CLOs will be exposed to the risk that the assets of the holder/custodian of any such underlying debt obligation could become subject to the claims of third-party creditors or other parties. In addition, as an owner of participation interests or other indirect economic interests (including as a member of a loan syndicate), the CLOs often will not be able to assert any rights against borrowers of the underlying indebtedness, and in these cases would need to rely on the holder/custodian (or other financial institution) issuing the participation interests or such other entity charged with the responsibility for asserting such rights, if any. Such holders/custodians and financial institutions or other entities could determine not to assert their rights, for such reasons as having to a limited financial interest in the outcome, other relationships with the underlying defaulting borrowers, the concern of potential counterclaims or other reasons, that cause their interests to differ from the interests of the CLOs. The failure of such holders/custodians and financial institutions or other entities to assert their rights (on behalf of the CLOs) or the insolvency of such entities could materially adversely affect the value of the assets of the CLOs.

A participation in a selling institution’s portion of a loan typically results in a contractual relationship only with such selling institution, not with the borrower. In the case of a participation interest, a CLO will generally have the right to receive payments of principal, interest and any fees to which it is entitled only from the institution selling the participation and only upon receipt by such selling institution of such payments from the borrower. By holding a participation interest in a loan, the CLO generally will have no right to enforce compliance by the borrower with the terms

of the loan agreement, nor any rights of set off against the borrower, and the CLO [generally] would not directly benefit from the collateral supporting the loan in which it has purchased the participation. As a result, the CLO will assume the credit risk of both the borrower and the institution selling the participation, which will remain the legal owner of record of the applicable loan. In the event of the insolvency of the selling institution, the CLO, by owning a participation interest, will likely be treated as a general unsecured creditor of the selling institution, and might not benefit from any set off between the selling institution and the borrower. In addition, a CLO could purchase a participation from a selling institution that does not itself retain any portion of the applicable loan and, therefore, would have limited interest in monitoring the terms of the loan agreement and the continuing creditworthiness of the borrower. When a CLO holds a participation interest in a loan, it will not have the right to vote under the applicable loan agreement with respect to every matter that arises thereunder, and it is expected that each selling institution will reserve the right to administer the loan sold by it as it sees fit and to amend the documentation evidencing such loan in all respects. Selling institutions voting in connection with such matters can have interests different from those of the CLO and might fail to consider the interests of such CLO in connection with their votes.

Priority of Debt Instruments and Loans

The CLOs can also invest in secured debt issued by companies that have or could thereafter incur additional debt that is senior to the secured debt owned by the CLOs. In the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of any such company, the owners of senior secured debt (*i.e.*, the owners of first priority liens) generally will be entitled to receive proceeds from any realization of the secured collateral until they have been reimbursed. At such time, the owners of junior secured debt (including, in certain circumstances, the CLOs) will be entitled to receive proceeds from the realization of the collateral securing such debt. There can be no assurances that the proceeds, if any, from the sale of such collateral would be sufficient to satisfy the loan obligations secured by subordinate debt instruments. To the extent that the CLOs own secured debt that is junior to other secured debt, the CLOs would lose the value of its entire investment in such secured debt.

Loan Investments

A CLO's success in the area of loan investing will depend, in part, on its ability to obtain loans on advantageous terms. In purchasing loans, the CLOs will compete with a broad spectrum of investors and institutions. Increased competition for, or a diminution in the available supply of, qualifying loans could result in lower yields on such loans, which could reduce returns to investors.

Below investment-grade assets

NMCLO intends to invest on behalf of each CLO primarily in non-investment grade loans or interests in non-investment grade loans, all of which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. These types of assets generally are subject to greater risks than investment grade corporate obligations. These risks could be exacerbated to the extent that a CLO's portfolio is concentrated in one or more particular types of collateral obligations.

Prices of a CLO's assets can be volatile and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including but not limited to changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic and international economic or political events, developments or trends in any particular industry, and the financial condition of the obligors on the CLO's assets. The current uncertainty affecting the United States economy and the economies of other countries in which obligors on loans are domiciled and the possibility of increased volatility in financial markets could adversely affect the value and performance of such loans. Additionally, loans and interests in loans have significant liquidity and market value risks (including the use of third party appraisals to value the underlying collateral of asset-based loans) since they are not generally traded in organized exchange markets but are traded by banks and other institutional investors engaged in loan syndications. Because loans are privately syndicated and loan agreements are privately negotiated and customized, loans are not purchased or sold as easily as publicly traded securities. In addition, historically the trading volume in the loan market has been small relative to the debt securities market.

Below investment grade investments, including leveraged loans, have historically experienced greater default rates than has been the case for investment grade securities. A non-investment grade loan, or other obligation or an interest in a non-investment grade loan, or other obligation is generally considered speculative in nature and could experience default for a variety of reasons. Upon any such default, the related loan could become subject to either substantial workout negotiations or restructuring, which can entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such loan. In addition, such negotiations or restructuring can be quite extensive and protracted over time, and therefore result in substantial uncertainty with respect to the ultimate recovery on such loan. The liquidity for defaulted loans can be limited, and to the extent that defaulted loans are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon. Furthermore, there can be no assurance that the ultimate recovery on any defaulted loan will be at least equal to either the minimum recovery rate assumed by the applicable rating agency, or any recovery rate used in connection with any analysis of the CLO Securities. Non-investment grade leveraged loans have historically experienced greater default rates than investment grade loans.

Second-Lien Loans

Each CLO is likely to invest a portion of its assets in second lien loans, each of which will be secured by a pledge of collateral, but subordinated to other secured obligations of the obligors secured by all or a portion of the collateral securing such secured loan. Second lien loans are typically subject to intercreditor arrangements, the provisions of which can often prohibit or restrict the ability of the holder of a second lien loan to (i) exercise remedies against the collateral with respect to their second liens; (ii) challenge any exercise of remedies against the collateral by the first lien lenders with respect to their first liens; (iii) challenge the enforceability or priority of the first liens on the collateral; and (iv) exercise certain other secured creditor rights, both before and during a bankruptcy of the borrower. In addition, during a bankruptcy of the obligor, such agreements could require the holder of a second lien loan to give advance consent to (i) any use of cash collateral approved by the first lien creditors; (ii) sales of collateral approved by the first lien lenders and the bankruptcy court, so long as the second liens continue to attach to the sale proceeds; and (iii) debtor-in-possession financings.

Unsecured Loans

Each CLO can invest a portion of its assets in unsecured loans. Unsecured Loans are unsecured obligations of an obligor, can be subordinated to other obligations of such obligor and generally have greater credit, insolvency and liquidity risk than is typically associated with investment grade obligations and secured obligations. Unsecured obligations will generally have lower rates of recovery than secured obligations following a default. Also, in the event of the insolvency of an obligor of any unsecured obligation, the holders of such unsecured obligation will be considered general, unsecured creditors of the obligor and will have fewer rights than secured creditors of the obligor.

Fraud Associated with Loans

Of paramount concern in loan investments is the possibility of material misrepresentation or omission on the part of the borrower or loan seller. Such inaccuracy or incompleteness could adversely affect the valuation of the collateral underlying the loans or the ability of the CLOs to perfect or effectuate a lien on the collateral securing the loan. In making investment decisions, NMCLO will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the CLOs could be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Additionally, the CLOs can invest in debt that is guaranteed by a subsidiary of the issuer. In some circumstances, guarantees of secured debt issued by subsidiaries of a portfolio company and held by the CLOs could be subject to fraudulent conveyance or similar avoidance claims made by other creditors of such subsidiaries under applicable insolvency laws. As a result, such creditors often take priority over the claims of the CLOs under such guarantees. Under Federal or state fraudulent transfer law, a court can declare void, or otherwise decline to enforce, such secured debt and the CLOs would no longer have any claim against such portfolio company or the applicable guarantor. In addition, the court might direct the CLOs to disgorge any amounts already received from the portfolio company or a guarantor. In some cases, significant subsidiaries of a portfolio company will not guarantee the obligations of the portfolio company; in other cases, a portfolio company will have the ability to release subsidiaries as guarantors of the portfolio company's obligations. The repayment of such investments also could depend on cash flow from subsidiaries of a portfolio company that are not themselves guarantors of the portfolio company's obligations.

Dealer Market Making

The value of a CLO's fixed-income investments will be affected by general fixed income market conditions, such as the volatility and liquidity of the fixed income market, which are affected by the ability of dealers to "make a market" in fixed-income investments. In recent years, the market for bonds has significantly increased while dealer inventories have significantly decreased, relative to market size. This reduction in dealer inventories could be a result of regulatory changes, such as capital requirements, and is expected to continue. As dealers' inventories decrease, so does their ability to make a market (and, therefore, create liquidity) in the fixed income market. Especially during periods of rising interest rates, this could result in greater volatility and illiquidity in the fixed income market, which could impair the CLO's profitability or result in losses.

Interest Rate Risk

A majority of the collateral obligations held by any CLO will bear interest at floating interest rates. To the extent interest rates increase, periodic interest obligations owed by the related obligors will also increase. As prevailing interest rates increase, some obligors might not be able to make the increased interest payments on their loans or refinance their balloon and bullet loans, resulting in defaults. Conversely if interest rates decline, obligors could determine to refinance their loans at lower interest rates, resulting in prepayments and the risks related thereto, as discussed below under “*Prepayment Risk*”.

Prepayment Risk

Loans are generally prepayable in whole or in part at any time at the option of the obligor thereof at par *plus* accrued unpaid interest thereon. Prepayments on loans are caused by a variety of factors making it often difficult to predict whether a particular loan will be prepaid. Consequently, there exists a risk that loans purchased at a price greater than par will experience a capital loss as a result of such a prepayment. In addition, principal proceeds received upon such a prepayment are subject to reinvestment risk. There is no assurance that NMCLO will be able to reinvest proceeds in assets with comparable interest rates at favorable prices that comply with the eligibility criteria with respect to a CLO, or (if it is able to make such reinvestments) as to the length of any delays before such investments are made. The rate of prepayments, amortization and defaults are influenced by various factors including, among other things: (i) changes in obligor performance and requirements for capital; (ii) the level of interest rates; (iii) lack of credit being extended and/or the tightening of credit underwriting standards in the commercial lending industry; and (iv) the overall economic environment, including any fluctuations in the recovery from the current economic conditions.

Generally, obligors tend to prepay their fixed rate obligations when prevailing interest rates fall below the coupon rates on their obligations. Similarly, floating rate issuers and borrowers tend to prepay their obligations when spreads narrow.

In general, “premium” securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster-than-anticipated prepayments, and “discount” securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower-than-anticipated prepayments. Since many fixed rate obligations will be discount instruments when interest rates and/or spreads are high, and will be premium instruments when interest rates and/or spreads are low, such debt instruments can be adversely affected by changes in prepayments in any interest rate environment.

LIBOR Risk

In July 2017, the Financial Conduct Authority (“FCA”) announced its intention to begin to cease sustaining the London Inter-bank Offered Rate (“LIBOR”) at the end of 2021. On March 5, 2021, the FCA and ICE Benchmark Authority formally announced the dates after which the LIBORs will no longer be representative and subsequently cease publication. Certain LIBORs ceased publication on December 31, 2021. However, the publication of certain other LIBORs will continue through at least June 30, 2023. As of the date of this brochure, no specific alternative rates have been generally agreed upon in the loan market, though the Alternative Reference Rates

Committee has issued suggestions and the Secure Overnight Financing Rate (“SOFR”) appears to be a likely alternative.

If LIBOR in its current form does not survive, it could cause a disruption in the credit markets generally. Such a disruption could also negatively impact the market value and/or transferability of the first-loss interests and other interests issued by the CLOs. Furthermore, disruptions related to loans and/or other CLOs in the marketplace could have a material adverse effect on NMCLO’s ability to enter into loans and/or execute CLOs in the future and could have a material adverse effect on the investment returns of the CLOs. Further, if LIBOR does not survive, the mismatch on the interest rates payable by the CLOs on the securities it issues and the interest rates payable on the underlying loans held by such CLO could negatively impact investment performance.

Contingent Liabilities

A CLO will from time to time incur funding obligations or other contingent liabilities that could arise in the future in connection with an investment such as a revolving credit facility that has not yet been fully drawn. If the borrower subsequently draws down on the facility, the CLO would be obligated to fund the amounts due. If a CLO is unable to pay its obligations when due, it could face significant penalties that could materially adversely affect its returns. CLOs sometimes enter into agreements pursuant to which it agrees to assume responsibility for default risk presented by a third party, or on the other hand, enter into agreements through which third parties offer default protection to the CLO.

Corporate Debt

Bonds, notes and debentures issued by corporations could pay fixed, variable or floating rates of interest, or include zero-coupon obligations. Corporate debt instruments are subject to the possibility of credit ratings downgrades. Some instruments have the lowest quality ratings or are unrated. Some of the investments that NMCLO could select for the CLOs are PIK instruments, which will pay interest in kind (*i.e.*, the principal owed to the CLOs in connection with a debt investment would be increased by the amount of interest due on such debt investment). PIK instruments often experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, the CLOs could experience substantial losses.

Limited Control of Administration and Amendment of Collateral Obligations

NMCLO expects that each CLO will invest a substantial proportion of its assets in syndicated loans, which offer limited consent and control rights. Subject to each CLO’s Governing Documents, NMCLO has discretion to exercise or enforce, or refrain from exercising or enforcing, any or all of its clients’ rights in connection with collateral obligations or any related documents. Additionally, due to the size of the CLOs’ position in certain collateral obligations, NMCLO expects that it will have limited, if any, influence over amendments, waivers or modifications of the collateral obligations. NMCLO has discretion subject to the applicable terms of the Governing Documents, whether to determine to accept any offer by the issuer of a security or by any other person made to all of the holders of such security to purchase or otherwise acquire such security or to convert or exchange such security into or for cash, securities or any other type of

consideration, or accept a solicitation by the issuer of a collateral obligation to extend or defer the maturity, or to adjust the outstanding balance of, such collateral obligation, or otherwise amend, modify or waive the terms of any related loan agreement, including the payment terms thereunder. The acceptance of any such offer or solicitation will not be considered an acquisition or purchase of a collateral obligation by the CLOs that must comply with the CLOs' investment criteria.

Cov-Lite Loans

Each CLO is expected to hold significant interests in "Cov-Lite Loans" (*i.e.*, loans which contain limited, if any, financial covenants). Generally, Cov-Lite Loans do not require the borrower to maintain debt service or other financial ratios and do not contain restrictions common on more traditional loans, such as restrictions on the ability of the borrower to incur additional debt, make certain restricted payments, change significantly its operations or to enter into other significant transactions that could affect its ability to repay such loans. Ownership of Cov-Lite Loans can expose a CLO to additional risks, including diminished liquidity, increased price volatility and limited ability to restructure loans than is the case with loans that have such requirements and restrictions. Whether a loan that has no maintenance or incurrence covenant, but contains either a cross-default provision to, or is *pari passu* with, another loan of the underlying obligor forming part of the same loan facility that requires the obligor to comply with one or more financial covenants or maintenance covenants is considered to be a Cov-Lite Loan for a particular CLO varies depending on the CLO's Governing Documents.

Balloon Loans and Bullet Loans

Each CLO will primarily hold balloon loans and/or bullet loans. Balloon and bullet loans involve a greater degree of risk because they are structured to allow for either small (balloon) or no (bullet) principal payments over the term of the loan, requiring the obligor to make a large final payment upon the maturity of the loan. The ability of an obligor to make this final payment upon the maturity of the loan typically depends upon its ability either to refinance the loan prior to maturity or to generate sufficient cash flow to repay the loan at maturity, which, in turn, will be affected by many factors, including the availability of financing at acceptable rates to such obligor, the financial condition of such obligor, the marketability of the collateral (if any) securing such loan, the operating history of the related business, tax laws and the prevailing general economic conditions. Consequently, an obligor might not have the ability to repay the loan at maturity, and the CLO could lose all or most of the principal of the loan. Given their often smaller size, more limited resources and lesser access to capital, it is to be expected that some obligors will have difficulty in repaying or refinancing their balloon and bullet loans on a timely basis or at all.

Illiquidity of Collateral Obligations

The CLOs will invest in assets that have no, or only a limited, trading market, and any such trading market could be even further limited as a result of a market disruption or distress. Investments in illiquid assets can hinder a CLO in disposing of investments in a timely fashion and for a fair price taking advantage of market opportunities. Illiquid assets generally trade at a discount to ones that are comparable, but more liquid. In addition, the CLOs invest in private placements some but not all of which are not freely transferable by law or due to contractual restrictions. Even if

transferable, the prices realized from sale of a private placement could be less than what the CLO originally paid or what could be considered the fair value.

A liquidity crisis in the global credit markets would adversely affect NMCLO's flexibility in managing a CLO's portfolio. Adverse developments in the primary market for leveraged loans could reduce opportunities for the CLOs to purchase new issuances of collateral obligations. More particularly, the ability of private equity sponsors and leveraged loan arrangers to effectuate new leveraged buy-outs and the ability of the CLOs to purchase loans referred to leveraged buy-outs could be partially or significantly limited.

Credit Ratings of Debt Obligations

Credit ratings of debt obligations represent the rating agencies' opinions regarding their credit quality but are not a guarantee of quality. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value; therefore, will not always reflect the true risks of an investment in a rated instrument or issuer. Also, a rating agency could fail to make timely changes in credit ratings in response to subsequent events, so an issuer's current financial condition could be better or worse than a rating indicates. Investments in non-investment grade and comparable unrated obligations will be more dependent on NMCLO's credit analysis than would be the case with investments in investment-grade debt obligations. A failure of the collateral quality tests applicable to a CLO could prevent the CLO from reinvesting in new collateral obligations, and any failure of the coverage tests or the interest diversion tests applicable to a CLO could result in the redemption of certain classes of securities of the CLO. A change in rating methodology by a rating agency could have a material adverse effect on the ability of CLO to reinvest in new collateral obligations.

Concentration Risk

It is expected that a limited amount of concentration in the initial portfolio of each CLO with respect to any particular obligor, region (other than the United States) or industry is expected to exist. However, redemptions of collateral obligations and reinvestment could result in a greater concentration in any one obligor, region or industry and such concentration would subject the applicable CLO portfolio to a greater degree of risk with respect to collateral defaults by such obligor, and the concentration of such portfolio in any one industry or region would subject the portfolio to a greater degree of risk with respect to economic downturns relating to such industry or regions.

Likewise, although the Governing Documents with respect to each CLO will generally require that certain levels of diversification are satisfied, maintained or improved in connection with reinvestments therein, there is no such restriction on non-investment grade loans and, in fact, the assets comprising each CLO are expected to consist primarily of below investment-grade debt obligations. To the extent that below investment grade debt obligations as an asset class generally underperform or experience increased levels of credit losses, liquidity or market volatility, the CLOs will likely experience credit and trading losses even with significant obligor and industry diversification.

Weak Economy Could Trigger Defaults

Any substantial economic slowdown could increase delinquencies, defaults and foreclosures, and adversely affect a CLOs' portfolio of loans and/or the ability to originate loans. Periods of economic slowdown or recession are often accompanied by decreased demand for consumer credit, decreased asset values (including real estate values) and an increased rate of delinquencies, defaults and foreclosures. Any material decline in asset values would increase the loan-to-value ratios on loans that the CLOs hold, weaken the CLOs' collateral coverage and increase the possibility and severity of a loss if a borrower defaults. A lack of equity in a property reduces the incentive a borrower has to meet its payment obligations during periods of financial hardship, which might result in higher delinquencies, defaults and foreclosures. These factors reduce the CLOs' ability to originate loans and increase its losses on loans.

International Investing

Investing outside the United States can involve greater risks than investing in the United States. The CLOs will generally be permitted, to a limited extent, to invest in obligations of obligors located in non-U.S. jurisdictions, including certain tax advantaged jurisdictions. As a result, certain of the loans or participation interests therein could be governed by non-U.S. law, which can create difficulties in enforcing legal rights and uncertainties as to the status, interpretation and application of laws in the obligor's jurisdiction.

Obligations of non-U.S. issuers are subject to any laws enacted in their home countries for the protection of debtors or creditors, which could adversely affect a CLO's ability to recover amounts owed. Limited, if any, information, is or will be provided generally informing the risks associated with purchasing a loan or a participation interest under an agreement governed by non-U.S. laws including consequences of holding such a participation interest or sub-participation interest in the event of the insolvency of the institution from whom a CLO intends to purchase such participation interest or sub-participation interest or the insolvency of the institution from whom the grantor of the sub-participation interest purchased its participation interest.

There is often less publicly available information about non-U.S. obligors. Foreign companies often are not subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to United States companies. Additionally, foreign jurisdictions have varying levels of governmental regulation and supervision; and the economies of individual non-U.S. countries could differ from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resources self-sufficiency and balance of payments position.

Foreign markets also have different clearance and settlement procedures, and in certain markets there have been times when settlements have failed to keep pace with the volume of transactions, making it difficult to conduct such transactions. Delays in settlement could result in periods when a CLO will hold assets uninvested, reducing or eliminating returns. The inability of a CLO to make intended asset purchases due to settlement problems or the risk of intermediary counterparty failures could cause such CLO to miss investment opportunities. The inability to dispose of a collateral obligation due to settlement problems could result in losses to the CLO due to subsequent declines in the value of such collateral obligation or, if the CLO has entered into a contract to sell

the collateral obligation, liability to the purchaser. Transaction costs for foreign transactions, including brokerage, tax and custody costs, also are generally higher than for domestic transactions. Furthermore, foreign financial markets, while generally growing in volume, have, for the most part, substantially less volume than U.S. markets, and securities of many foreign companies are less liquid and their prices more volatile than those of comparable domestic companies.

Insolvency Considerations

Various laws enacted for the protection of creditors in the U.S. will apply to obligations of U.S. obligors held by a CLO. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of an obligor, such as a trustee in bankruptcy, were to find that the obligor did not receive fair consideration or reasonably equivalent value for incurring the related indebtedness and, after giving effect to such indebtedness, the obligor (i) was insolvent, (ii) was engaged in a business for which the remaining assets of such obligor constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could determine to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of the obligor or to recover amounts previously paid by the obligor in satisfaction of such indebtedness. The measure of insolvency for purposes of the foregoing will vary. Generally, an obligor would be considered insolvent at a particular time if the sum of its debts were then greater than the fair value of all of its assets or if the present fair salable value of its assets were then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. However, there can be no assurance as to what standard a court would apply in order to determine whether the obligor was “insolvent” after giving effect to the incurrence of the indebtedness constituting the Collateral Obligations or that, regardless of the method of valuation, a court would not determine that the obligor was “insolvent” upon giving effect to such incurrence. In addition, in the event of the insolvency of an obligor of a collateral obligation, payments made on such collateral obligations could be subject to avoidance as a “preference” if made within a certain period of time (which can be as long as one year under federal bankruptcy law or even longer under state laws) before insolvency.

In general, if payments on obligations owned by the CLO are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured, either from the initial recipient (such as the CLO) or from subsequent transferees of such payments (such as the holders of CLO Securities). To the extent that any such payments are recaptured from a CLO, the resulting loss will have a material adverse effect on the ability of the CLO to fulfill its debt obligations on its CLO Securities.

Insolvency considerations for obligations of non-U.S. obligors will differ from the foregoing.

Bankruptcy

There is a significant risk that an obligor on one or more loans held by a CLO will enter bankruptcy proceedings. Such proceedings could result in, among other things, a substantial reduction in the interest rate and a substantial write down of the principal of the related loans. There are a number of significant risks inherent in the bankruptcy process for creditors.

First, rulings in a bankruptcy case are the product of adversarial proceedings determined by a court with both legal and equitable powers, so the outcome is beyond the control of specific creditors.

Second, a bankruptcy filing can adversely and permanently affect the obligor making such filing. The obligor could lose its market position, key employees, relationships with important suppliers, access to the capital markets or other sources of liquidity and otherwise become incapable of restoring itself as a viable entity. If for this or any other reason, a reorganization is converted to or becomes a liquidation, the liquidation value of the obligor might not equal the liquidation value that was believed to exist at the time of acquisition of the loan.

Third, the duration of a bankruptcy case is difficult to predict. A creditor's return on investment can be adversely affected by delays while a plan of reorganization is being negotiated, approved by parties in interest and ultimately confirmed by the bankruptcy court before it can become effective. For example, in general, unsecured creditors' claims for interest accrued between the bankruptcy filing and a reorganization plan's consummation are not allowed. *Fourth*, the administrative costs of the debtor and any official committees appointed in connection with the bankruptcy case (for example, the fees and expenses of the debtor's and committee's legal, financial and other advisors) are frequently high and will be paid out of the debtor's estate prior to any return to general unsecured creditors. If a CLO or NMCLO on its behalf were to participate in such committees (including creditors' committees), the CLO could be deemed to have duties to other creditors represented by the committees, which might thereby expose the CLO to liability to any other creditors who disagree with NMCLO's or the CLO's actions. Additionally, participation on a committee often exposes members to material non-public information about a company which could hinder NMCLO's ability to invest a CLO in, or divest a CLO of, securities of the company. Participation on such committees also creates a risk of litigation and liability that could cause the CLO to incur significant legal fees and potential losses. Further, if the bankruptcy case involves protracted or difficult litigation, or turns into a liquidation, substantial assets could be devoted to such administrative costs; and the CLO's costs in monitoring and enforcing its investment also could substantially increase. Certain claims that have priority by law (for example, claims for taxes) also could significantly reduce or eliminate any partial recovery.

Finally, under certain circumstances, creditors' claims against bankrupt or insolvent entities are subject to equitable subordination or recharacterization as equity, and transfers made to creditors could be subject to avoidance and disgorgement as preferences or fraudulent transfers.

Lender Liability

A CLO could incur liability as a result of its lending activities or the lending activities of the sellers that have originated the loans. A number of judicial decisions have upheld the right of borrowers to sue on the basis of various evolving legal theories, collectively termed "lender liability." Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower, its other creditors or shareholders, or third parties harmed by the borrower. Even if the CLO purchases its loans in the ordinary course of its investment activities, the CLO could be subject to allegations of lender liability by reason of the actions of the sellers that originated those

loans. NMCLO cannot be certain that these claims against a CLO will not arise, or that the CLO will not be subject to significant liability from such a claim.

Litigation and Collection Costs

Should a CLO be unable to otherwise collect on a defaulted loan, litigation could result. There is a high cost associated with any litigation and the results of litigation are always uncertain. Even before litigation is commenced, the CLO could experience substantial costs in trying to collect on defaulted investments, such as legal fees, collection agency fees, or discounts related to the assignment of a defaulted loan to a third party.

Information Technology Risks

NMCLO is heavily reliant on its information technology infrastructure, processes and procedures and those of its service providers, and it has devoted significant resources to achieving competitive informational technology systems. Information technology changes rapidly, however, and NMCLO might not be able to stay ahead of such advances. Moreover, NMCLO or its service providers could find themselves a target of cybersecurity attacks. While steps have been taken to mitigate the risk of such attacks, no system is fully attack-proof, and a cybersecurity attack could have an impact on NMCLO and the CLOs.

Valuation

Loans are not publicly traded. The fair value of loans therefore is often not easy to determine. Valuations of illiquid loans require judgment, are inherently uncertain, can fluctuate and are generally based on estimates. It is possible that NMCLO's determinations of fair value will differ materially from the values that would have been used if an active market for these loans existed. If NMCLO's determinations regarding the fair value of such loans are materially higher than the values that are ultimately realized upon the sale of such loans, returns would be adversely affected.

NMCLO has adopted valuation policies and procedures (the "Valuation Procedures") for use in the valuation of loans and other assets held by the CLOs. NMCLO has also established a Valuation Committee to oversee the Valuation Procedures. NMCLO values such loans at fair value generally in accordance with U.S. generally accepted accounting principles ("GAAP") and as more fully described below. Where NMCLO believes a reliable market price is readily ascertainable for an asset, NMCLO will value such asset at such current market price. Assets for which NMCLO believes reliable market prices are not readily ascertainable are fair valued by NMCLO in good faith and in accordance with the policies and procedures set forth below.

NMCLO's fair value methodology generally is consistent with the fair value principles established by FASB Accounting Standards Codification (ASC) Topic 820-10, *Fair Value Measurements and Disclosures* ("ASC Topic 820-10"). ASC Topic 820-10 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. ASC Topic 820-10 also provides guidance regarding a fair value hierarchy, which prioritizes information used to measure fair value and the effect of fair value measurements on earnings and provides for enhanced disclosures determined by the level within the hierarchy of information used in the valuation.

Generally, it is expected that assets held by CLOs will consist principally of loans, which will be valued by NMCLO quarterly (or more frequently, as deemed necessary or appropriate) using both observable and unobservable inputs. NMCLO will determine the fair value of a loan by taking into consideration the following information and inputs, to the extent reasonably available to NMCLO: (i) current pricing data, which includes: the price at which the loan or similar loans are trading in the secondary market within a sufficiently recent period, such that the price is meaningful in the view of NMCLO; the most recent price for the loan, as published by a third-party pricing service deemed reputable by NMCLO within a sufficiently recent period, such that the price is meaningful in the view of NMCLO, taking into account, among other factors, the number and identity of the market participants whose bid and ask prices have contributed to that price; any relevant third-party information (*e.g.*, indicative broker quotes or any other third-party pricing or valuation information) on such asset to the extent available and deemed reliable by NMCLO; and the price at which the loan was sold to third party investors in the loan's primary syndication if such primary syndication has occurred in a sufficiently recent period, such that the price is meaningful in the view of NMCLO; (ii) the fair value of such loan based on a valuation model; and (iii) in any such valuation, in addition to the foregoing, such other information and considerations that NMCLO deems material to such determination. NMCLO can also, at its discretion, solicit a fair market valuation from an independent third-party valuation firm selected by NMCLO.

Limited Access to Information

Investors' rights to information regarding a CLO will be specified, and strictly limited, in the Governing Documents. In particular, it is anticipated that NMCLO will obtain certain types of material information regarding investments that will not be disclosed to investors because such disclosure is prohibited for contractual, legal, or similar obligations outside of the NMCLO's control or for other reasons. Decisions by NMCLO to withhold information can have adverse consequences for investors in a variety of circumstances. For example, an investor that seeks to transfer its interests could have difficulty in determining an appropriate price for such interests. Decisions to withhold information also can make it difficult for an investor to monitor NMCLO and its performance.

Possibility of Different Information Rights

Certain investors could request information from NMCLO relating to a CLO and its investments and NMCLO can provide such investors with the information requested (subject to availability, confidentiality obligations and other similar considerations). Any such investors that request and receive such information will consequently possess information regarding the business and affairs of a CLO that is not generally known to other investors. As a result, these investors would be in a position to take actions on the basis of such information which, in the absence of such information, other investors are not in a position to take.

Executive Advisory Council

NMCLO is able to consult New Mountain's Executive Advisory Council from time to time concerning general industry trends, related matters and specific investment diligence. The Executive Advisory Council is a network of various consultants that provide services to New Mountain and its funds and portfolio companies ("Portfolio Companies") on a non-exclusive basis.

Members of the Executive Advisory Council could, for example, (i) assist New Mountain in sourcing and underwriting potential transactions for the CLOs and one or more other New Mountain products and (ii) provide other diligence and research or other services to New Mountain. To the extent services of members of the Executive Advisory Council relate to a CLO and one or more other New Mountain products, New Mountain will determine, in good faith and in accordance with its policies and procedures, the appropriate allocation of fees and expenses of the Executive Advisory Council among the CLO and such other New Mountain product(s).

Systems and Operational Risks

The CLOs will depend on NMCLO to develop and implement appropriate systems for the CLOs' activities. Each CLO will rely daily on financial, accounting and other data processing systems to execute, clear and settle transactions across numerous and diverse markets and to evaluate certain financial instruments, to monitor its portfolios and capital, and to generate risk management and other reports that are critical to oversight of the CLO's activities. Certain of the CLOs' and NMCLO's activities will be dependent upon systems operated by third parties, whereby NMCLO is not in a position to fully verify the risks or reliability of the system. Failures in the systems and processes employed by NMCLO and third-parties could result in mistakes made, including, among other things, in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Operational risks result from inadequate procedures and controls, employee fraud, recordkeeping errors, human errors and other mistakes or failures by NMCLO or a service provider. Disruption to third party critical service providers, such as a CLO's auditor, external counsel and custodian, can result in other disruptions in the CLO's operations. Disruptions in the CLO's operations can cause the CLO to suffer, among other things, financial loss, the disruption of their businesses, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on a CLO and the investors' investments therein.

Cybersecurity Breaches and Identity Theft

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and are expected to continue to increase in frequency in the future. The information and technology systems of NMCLO, New Mountain or a service provider are vulnerable to damage or interruption from computer viruses and other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors or malfeasance by their respective professionals or service providers, power, communications or other service outages and catastrophic events such as fires, tornadoes, floods, hurricanes, earthquakes or terrorist incidents. If unauthorized parties gain access to such information and technology systems, or if personnel abuse or misuse their access privileges, they can steal, publish, delete or modify private and sensitive information. Although NMCLO and New Mountain have implemented, and service providers often also implement, various measures to manage risks relating to these types of events, such measures could be inadequate and, if compromised, information and technology systems could become inoperable for extended periods of time, cease to function properly, or fail to adequately secure private information. Even with sophisticated prevention and detection systems, breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage could be not identified in a timely manner or at all, potentially resulting in further harm and precluding

appropriate remediation. NMCLO and/or the CLOs could have to make significant investments to fix or replace information and technology systems. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of NMCLO, New Mountain, the CLOs, and/or their service providers and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and their beneficial owners) and the intellectual property and trade secrets of NMCLO and/or New Mountain. Such a failure could harm the reputation of NMCLO, New Mountain, and/or the CLOs, require them to make a significant investment to remedy the effects of any such failures, subject any such entity and their respective affiliates to legal claims and adverse publicity and otherwise affect their business and financial performance. When such issues are present with regard to the issuer of securities in which a CLO invests, the CLO's investment in those securities can lose value.

Inability to Deploy Capital

A CLO could experience delays in investing its capital, which can cause the CLO's performance to be worse than the performance of other investment vehicles with investment programs that are similar to the investment objectives of the CLO. NMCLO could be unable to identify a sufficient number of potential investments that meet the CLO's investment objectives or ensure that any investment that the CLO makes will produce a positive return. NMCLO could be unable to invest all of the capital of the CLOs on acceptable terms within the investment period, which would reduce the returns to the CLOs.

Investments with Third Parties

Members of the New Mountain group, including NMCLO, from time to time incur expenses jointly on behalf of a CLO or another investment and one or more other entities established or advised by New Mountain (any such entity, including any CLO, an "Other Account"). New Mountain will seek to fairly allocate such expenses among the applicable Other Accounts and any co-investors. Generally, Other Accounts and co-investors that own a common investment will share in expenses related to such investment, including expenses originally charged solely to any Other Account. However, it is not always possible or reasonable to allocate or re-allocate expenses to a co-investor, depending upon the circumstances surrounding the applicable investment (including the timing of the investment) and the financial and other terms governing the relationship of the co-investor to the Other Accounts with respect to the investment, and, as a result, there could be occasions where co-investors do not bear a proportionate share of such expenses. In addition, where a potential investment is contemplated but ultimately not consummated, potential co-investors generally will not share in any expenses related to such potential investment, including expenses borne by any Other Account with respect to such potential investment. Similarly, there could be circumstances when one or more New Mountain members have considered a potential equity investment in a portfolio company on behalf of an Other Account, but have determined not to make such investment, and subsequently make an investment in such portfolio company on behalf of a different Other Account. In these circumstances, such Other Account would benefit from research conducted by the applicable New Mountain member's investment team and/or from costs borne by the applicable Other Account in pursuing the potential investment, but will not be required to reimburse such Other Account for expenses incurred in connection with such investments. New Mountain offers co-investment

opportunities in its discretion and is not obligated to offer such opportunities to any, or any particular, investor.

9. DISCIPLINARY INFORMATION

NMCLO and its management persons have not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of NMCLO's advisory business or the integrity of its management.

10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

New Mountain includes NMCLO and three other advisers, each of which is registered with the SEC as an investment adviser under the Advisers Act. NMC Group acts as shared service provider (in such capacity, the "Shared Service Provider") to the Affiliated Advisers and NMCLO under shared services agreements. Through the Shared Services Agreement between NMCLO and the Shared Service Provider, the Shared Service Provider provides employees and performs certain back-office, credit analysis and reporting functions, among other services, which NMCLO delegates to NMC Group.

As discussed below, the varied nature of New Mountain's clients and their investments, and the activities of the Affiliated Advisers, New Mountain personnel and clients, creates a variety of conflicts of interests. For example, subject to restrictions in applicable Governing Documents, New Mountain could advise or manage other clients or types of clients, including additional public or private funds or investment vehicles in the future and such funds, and the existing funds, could make investments that would be suitable for the CLOs and other New Mountain clients invest in equity of public companies whose loans could be suitable for investment by the CLOs. New Mountain maintains a written Allocation Policy and with respect to other conflicts of interest associated with different clients maintaining simultaneous investments in different securities of the same issuer (the "Conflicts Policy"), each as described below, that New Mountain believes are reasonably designed to mitigate associated conflicts.

The Affiliated Advisers

NMCLO's three Affiliated Advisers are New Mountain Capital, L.L.C.; New Mountain Vantage Advisers, L.L.C.; and New Mountain Finance Advisers BDC, L.L.C. which is the investment adviser to New Mountain Finance Corporation, a publicly traded business development company (NASDAQ: NMFC). The Affiliated Advisers clients include the CLOs managed by NMCLO, as well as public equity funds that generally invest in publicly traded securities, private equity funds, private credit funds, publicly traded and private business development companies ("BDCs") that invest primarily in debt but which can also acquire equity investments in middle market companies, and a senior loan program advised by, and executed on behalf of, NMFC.

Although the investment strategies used by NMCLO as collateral manager of the CLOs can differ substantially from the strategies used by the Affiliated Advisers in advising their clients, NMCLO expects to rely heavily on the extensive expertise and industry relationships developed by the employees of the Affiliated Advisers to identify and evaluate potential investment opportunities for the CLOs. Additionally, research from New Mountain's private equity strategy will, and any research for another New Mountain strategy could, be used to benefit other New Mountain

strategies and their clients. NMCLO and the Affiliated Advisers also share personnel and other resources. As a result, personnel of NMCLO who are shared with an Affiliated Adviser will sometimes work on projects unrelated to the CLOs which can create conflicts in the allocation of management or other resources and related costs.

Additionally, the Affiliated Advisers will obtain products and services from New Mountain's private equity portfolio companies, in some cases at discounted prices. Although the Affiliated Advisers believe that the compensation (whether or not discounted) paid to New Mountain's private equity portfolio companies for products or services will represent no more than what would be paid in an arms' length negotiation, the Affiliated Advisers have an incentive to select New Mountain's private equity portfolio companies to provide services, even if a better or lower cost provider is available, to increase profits of those portfolio companies and, indirectly, returns to the New Mountain private equity funds and fees for New Mountain.

Conflicts of Interest Associated with Overlapping, Competing or Conflicting Investments

As noted above, the CLOs and other New Mountain clients will invest in different, similar or the same assets and, as a result, New Mountain is presented with a variety of conflicts of interests related to investments that can arise as a result of the activities of the Affiliated Advisers, and their personnel and clients. In particular, it is likely that investments that are suitable for the CLOs will also be suitable for other New Mountain clients, including NMFC, a senior loan program and private debt funds. Opportunities that are suitable for more than one New Mountain client are allocated among eligible clients in accordance with New Mountain's Allocation Policy. While the Allocation Policy has been designed by New Mountain to reasonably assure that clients are treated fairly and equitably over time, the Allocation Policy does not guarantee that any client will participate in each or every investment that is consistent with its mandate. A CLO could be unable to invest in a particular opportunity (even if NMCLO believes that it would be in the CLO's interests to invest), as the application of the Allocation Policy could result, by way of example, in a suitable and desired debt investment for a CLO instead being allocated to NMFC if that debt investment were also suitable and desired for NMFC. With respect to allocations involving NMFC, New Mountain must consider that the 1940 Act ordinarily restricts joint transactions, which can include common investments, between a registered investment company or BDC ("Regulated Funds") and other accounts advised by the Regulated Fund's investment adviser. Because New Mountain believes that common investments of the type restricted by the 1940 Act can be beneficial for NMFC and other New Mountain Clients, New Mountain has requested and on October 8, 2019, the SEC issued an exemptive order (the "Exemptive Order") permitting, subject to the conditions set forth in the Exemptive Order, Regulated Funds, including NMFC, to co-invest in portfolio companies with certain other funds or accounts managed by any New Mountain-affiliated adviser, including NMCLO, in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act. The Exemptive Order supersedes, and expands, prior co-investment exemptive relief granted on December 18, 2017. The conditions of the Exemptive Order seek to ensure that participation in a co-investment transaction by Regulated Funds managed by New Mountain is not on a basis different from or terms less advantageous than that of other participants. Accordingly, if a Regulated Fund managed by New Mountain participates in co-investments with other New Mountain Clients, including CLOs, the Regulated Funds will invest on equal footing, including identical terms, conditions, price, class of securities purchased, settlement date, and registration rights as other participating Clients. There is also a risk that the conditions, including

the procedures and pre-approvals, required by the Exemptive Order could ultimately limit the amount of investment allocable by New Mountain to CLOs, or delay or impede execution of investments. No Client or investor can be assured that the Exemptive Order will permit a co-investment with the BDC.

From time to time, New Mountain expects to invest in securities or other financial instruments of an issuer for one Client that are senior or junior to securities or financial instruments of the same issuer that are bought for or held by another Client or New Mountain proprietary account. For example, one Client could acquire senior debt securities of an issuer while another Client or New Mountain proprietary account could acquire equity securities or subordinated debt of the same issuer. This creates the potential for conflicts of interests. New Mountain monitors conflicts of interests in the investment and allocation process, including with respect to investments in different classes of securities of the same issuer. Conflicts of interest that can arise in such circumstances include, for example, if an issuer enters bankruptcy or undergoes a capital restructuring, Clients holding securities that are senior in preference might have the right to pursue the issuer's assets to fully satisfy the issuer's indebtedness to the Client, and as a fiduciary, New Mountain could have an obligation to pursue aggressive remedies on behalf of such Clients. Clients that hold securities of the same issuer that are more junior in the capital structure might not have the same rights as Clients holding senior securities. A Client holding junior securities also might not have access to sufficient assets of the issuer to completely satisfy its bankruptcy claim against the issuer and could suffer loss.

New Mountain will endeavor to treat all Clients fairly and equitably over time and seeks to address conflicts of interest resulting from differential investments in the capital structure of the same issuer. New Mountain has adopted and implemented policies and procedures reasonably designed to address conflicts of interests. New Mountain could take a variety of steps, as it believes appropriate, to address particular conflicts of interest based on the facts and circumstances including: (i) causing a Client to remain passive in a situation in which it is otherwise entitled to vote, which can mean that such Client defers to the decision or judgment of an independent, third party investor in the same class of equity or debt securities or other financial instruments held by another Client; (ii) referring a matter to one or more persons not affiliated with New Mountain to review or approve a course of action with respect to such matter; (iii) consulting with the Client or investors or otherwise requesting that the investors (or trustee or an advisory board) approve such matter; (iv) establishing ethical screens or information barriers to separate New Mountain investment professionals or assigning different teams of New Mountain investment professionals to act independently of each other; (v) as between two Clients, ensuring (or seeking to ensure) that the underlying investors therein own interests in the same securities or financial instruments and in the same proportions so as to preserve an alignment of interest; (vi) causing a Client to divest itself of a security or financial instrument or particular class, series or tranche of an issuer's capital structure it might otherwise have continued to hold, including causing a Client to sell a security or financial instrument to one or more other Clients (or vice versa), or investors in such other Client; or (vii) such other steps as New Mountain believes appropriate under the circumstances. Clients should understand that it is possible that the outcome for a Client will be less favorable than might otherwise have been the case if New Mountain had not had duties to other Clients.

New Mountain's Allocation Policy is intended to address conflicts of interest associated with the allocation of investment opportunities and to promote the allocation of opportunities among relevant

Clients (*i.e.*, those clients that are able and eligible to invest in a potential common investment in accordance with their respective investment mandates and restrictions) in a manner that is fair and equitable over time. Pursuant to the Allocation Policy, when presented with an investment opportunity which is appropriate for more than one client, a New Mountain portfolio manager will first consider any provisions in each relevant client's Governing Documents, and for NMFC, the terms of the Exemptive Order, as they relate allocations of investment opportunities of the type presented to New Mountain. Subject to compliance with such provisions, the portfolio manager will then determine the allocation by considering and weighting, in the portfolio manager's discretion, a variety of factors including, as applicable and without limitation: (i) the investment guidelines and/or restrictions set forth in the applicable Governing Documents; (ii) the risk and return profile of the Client; (iii) the suitability/priority of a particular investment for the Client; (iv) if applicable, the target position size of the investment for the Client; (v) the level of available cash for investment with respect to the particular Client; (vi) the total amount of funds committed to the Client; (vii) the age and remaining term of the Client's investment period, if any and (viii) such other factors as the portfolio manager considers appropriate under the circumstances to determine which accounts will participate in a common opportunity and the amount of a security each participating account will purchase or sell, if New Mountain is able to acquire or dispose of the entire amount of the opportunity available, and document these on a pre-trade allocation statement prior to execution. If New Mountain acquires or disposes of less than the entire amount of the opportunity (as represented by the sum of each account's intended participation as set forth on the pre-trade allocation statement), New Mountain will, in most cases, allocate the amount filled *pro rata* to the amounts set forth on the pre-trade allocation statement. However, there will be some cases where the portfolio manager determines, based on his or her reasonable business judgment and in accordance with the Allocation Policy, that *pro rata* allocation would be inappropriate, unfair or otherwise not in the best interest of the participating clients. In these cases, a non-*pro rata* allocation methodology, such as randomly selecting participating accounts or rotating allocations among clients, can be employed. In these cases, the portfolio manager will document a brief description of how the position was allocated and the reasoning therefor. New Mountain can also adjust allocations for other reasons such as maintaining round lot holdings or avoiding *de minimis* allocations.

New Mountain expects to allocate relatively higher amounts of investment opportunities to new CLOs during ramp-up periods, subject to its Allocation Policy and consistent with each CLO's Governing Documents in order to assure that the new CLO can expeditiously invest assets in accordance with its investment objectives. The increased allocations to ramping CLOs is likely to result in other clients receiving relatively lower amounts of the opportunity. New Mountain considers a CLO to be in a ramp-up period from the date of any initial funding until the CLO is approximately 95% fully invested.

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

NMCLO, New Mountain and their personnel will encounter a variety of conflicts of interest in connection with NMCLO's role as collateral manager to the CLOs including (without limitation) conflicts related to: managing accounts that have potentially overlapping, competing or conflicting investments, investment objectives or investment strategies; fair allocations of investment opportunities; the time and attention of personnel and the sharing of other common New Mountain resources and related expenses under Shared Services Agreements among NMC Group and its

affiliates; CLO Securities being issued in tranches with different rights and risk return profiles and being held by a diverse investor group whose interests can diverge; and being in possession of material non-public information which could restrict the ability of NMCLO to enter into certain transactions on behalf of a CLO. Any of these conflicts could adversely impact the CLOs and there can be no assurance that New Mountain will resolve all conflicts of interest in a manner that is favorable to the CLOs.

Investors should review the offering documents of the applicable CLO, as well as the disclosures contained herein, to understand certain conflicts of interest that NMCLO reasonably expects could arise in connection with that CLO and how NMCLO seeks to resolve or mitigate them. In the event of a conflict of interest not provided for in a CLO's Governing Documents, NMCLO will take actions as in its good faith judgment are necessary or appropriate to ameliorate such conflicts of interest, which can but are not required to include (i) disposing of the investment giving rise to the conflict of interest; (ii) appointing an independent fiduciary to act or provide consent with respect to the matter giving rise to the conflict of interest; (iii) in connection with a matter giving rise to a conflict of interest with respect to an investment, consulting with the board of directors ("Board") of the applicable CLO regarding the conflict of interest and either obtaining consent of the Board to the conflict of interest or acting in a manner, or pursuant to standards or procedures, approved by the Board with respect to such conflict of interest; (iv) disclosing the conflict to the Board or to investors; or (v) implementing certain policies and procedures designed to ameliorate such conflicts of interest.

Code of Ethics/Personal Trading

The Firm has adopted a formal code of ethics and insider trading policies and procedures (the "Code") pursuant to Section 204A of the Advisers Act and Rule 204A-1 thereunder to address and mitigate potential conflicts of interest and to prevent the misuse of material nonpublic information by the Firm or its personnel whether on their own behalf or on behalf of a Client, to which all NMCLO personnel are subject. For purposes of the Code, all New Mountain employees are designated as "access persons" ("Access Persons"). Based on relevant risk-based assessments, New Mountain also designates certain non-employee consultants, including New Mountain Senior Advisors,¹ as Access Persons for purposes of the Code.

The Code sets forth the standard of business conduct expected of, and requires compliance with federal securities laws by all Access Persons. Among other Code requirements, Access Persons pre-approval of personal securities transactions and a 60-day holding requirement for all positions requiring pre-approval (other than interests in NMFC, which are subject to a longer holding period), annual affirmations of compliance (including disclosure of disciplinary history, conflicts of interest) and regular reviews of holdings and transactions. The Firm and its Access Persons are generally not permitted to trade in securities maintained on the Firm's restricted list except in very

¹ Generally, New Mountain Senior Advisors provide general or specific industry expertise on particular projects or transactions. Only New Mountain's Senior Advisors who are designated as "access persons" and thus subject to New Mountain's Code of Ethics, will be fully included in New Mountain's investment reviews. New Mountain employees and Senior Advisors can, in connection with activities related or unrelated to New Mountain, also serve as directors of unaffiliated public companies with the notification or approval of Compliance; however no CLO's management fees will be offset by any salary, benefits, directors' fees, stock options and other compensation granted or paid by such companies in connection therewith.

limited circumstances and then only with the pre-approval of the Chief Compliance Officer (or Compliance).

New Mountain, its personnel and New Mountain Senior Advisors are permitted with prior notice and/or approved to serve on boards of public companies, including those in which the Clients are invested. Prior notice and approval allows Compliance to identify any actual or potential conflicts that are likely to arise from Board membership and impose controls or restrictions to mitigate conflicts or reject service when conflict mitigation is not practicable.

By reason of their responsibilities in connection with their other New Mountain activities, the Firm's personnel could acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. In many cases, the Firm will not be free to act upon any such information. Due to these restrictions, NMCLO might not be able to initiate a transaction that it otherwise might have initiated or be able to sell an investment that it otherwise might have sold.

A copy of the Code is available upon request to: Chief Compliance Officer, New Mountain, 1633 Broadway, 48th Floor, New York, NY 10019.

Participation or Interest in Client Transactions

Principal and Cross Transactions

Due to EU Securitization Laws (discussed below), NMCLO expects that each CLO that has elected to comply with the EU Securitization Laws will regularly engage in principal transactions, as NMCLO currently interprets the EU Securitization Laws to require, for transaction where securities are issued and sold to EU Affected Investors (as defined below), that NMCLO originate at least five percent of the nominal value of the target par amount of loans to be acquired by these CLOs by the effective date of the CLO. As discussed below, consistent with EU Securitization Laws, one or more of NMCLO's Origination Series will either originate a loan or, where NMCLO identifies a loan in the secondary market that it believes might be appropriate for the CLO and for which origination treatment could ultimately be desired, acquiring the loan through one or more of NMCLO's Originator Series, holding the loan in the Originator Series for a period of time and, if approved, then transferring the loan to the CLO through a principal transaction. CLOs could also engage in principal transactions even if not subject to EU Securitization Laws as principal transactions can be appropriate for other reasons (although principal transactions are expected to be less frequent for any CLO not intended to comply with the EU Securitization Laws). Although principal transactions can have certain advantages for a CLO, they also present significant conflicts of interest. As a result, pursuant to Section 206(3) of the Advisers Act an adviser cannot engage in a principal transaction unless it provides the client with prior written disclosure of the terms of the transaction, and conflicts associated therewith, and obtains the client's consent prior to settlement. A CLO's Governing Documents can include additional requirements related to principal transactions and will generally provide that disclosure with respect to a CLO principal transaction will be provided to the CLO's board or a designated party and their approval granted prior to settlement of the principal trade.

A principal transaction could also arise if a CLO buys a security from, or sells a security to, New Mountain or a New Mountain fund of which 25% or more of the ownership interests (by value) are held by New Mountain or its personnel and related persons (a “principal fund”). As a result, to the extent that New Mountain were to determine to enter into a cross trade and a principal fund (i.e., a transaction whereby the principal fund sells a security to, or buys a security from, a CLO), similar notice will be provided to and consent sought from the CLO. Cross-trades among CLOs or between a CLO and a New Mountain fund, where neither is a principal fund are not principal transactions, but still could represent a conflict of interest due to, for example, different compensatory or pecuniary interests. As a result, for both principal trades and cross-trades, NMCLO will first determine that the trade is fair and equitable to each participating client and not contrary to the interests of either client.

Principal and cross trades involving loans are executed at fair market value, as determined by New Mountain and, in the case of principal trades, disclosed to the CLO’s board or other representative designated by the CLO or the board for this purpose, which will be independent of New Mountain. Because most of the assets in which the CLOs can be expected to invest are not publicly traded, values can be difficult to determine. NMCLO seeks to value such assets in good faith and in accordance with its valuation procedures. However, investors should understand that, even though determined in good faith, valuations require the application of a significant amount of judgment, are inherently uncertain, will fluctuate and are often based on estimates and assumptions.

NMCLO’s determination of the fair value of an asset could differ materially from the values that would have been applied if an active market for the asset existed and from the price at which such asset is ultimately sold. Differences in fair value and actual sale value could adversely impact a CLO.

Financial Interests in CLO Transactions

In accordance with the risk retention requirements promulgated under Regulation (EU) 2017/2402 (the “EU Securitisation Regulation”, and together with any supplementary regulatory technical standards, implementing technical standards and any guidance adopted in relation thereto by the European supervisory authorities, each as in force from time to time, the “EU Securitization Laws”), NMCLO could decide to hold EU Retention Interests in the CLOs and CLO warehouses it manages in order for such CLOs and CLO warehouses to satisfy the EU Securitization Laws where securities issued in a securitization transaction are sold to certain specified types of European Union investors such as credit institutions and investment firms (including consolidated affiliates thereof, wherever located), authorized alternative investment fund managers who manage and/or market their alternative investment funds in the European Union, insurance and reinsurance undertakings UCITS funds (internally managed) and management companies thereof, and institutions for occupational retirement provisions (subject to some exceptions), each as set out in the EU Securitisation Regulation (the “EU Affected Investors”).

An “EU Retention Interest” is a material net economic interest (within the meaning of the EU Securitization Laws), which can be held in a number of prescribed forms, most typically through (i) a “vertical slice” of not less than 5% of the nominal value of each tranche of securities issued to investors on the related closing date, or (ii) a “horizontal slice” of not less than 5% of the nominal value of the first loss or “equity” tranche.

The EU Securitization Laws generally require an “originator” to originate a portion of the loans acquired by a CLO and to acquire and retain an EU Retention Interest as described above. The EU Securitization Laws currently do not specify the percentage of loans which an originator who is also acting as the collateral manager must originate; however, industry practice is that a manager-originator should originate at least 5% of the target par amount of loans to be acquired by the CLO by the effective date for such CLO. To satisfy the EU Securitization Laws (as required where securities are issued to the EU Affected Investors), NMCLO intends to: (i) hold the EU Retention Interest of each CLO in an Investment Series; (ii) through its Management Series, act as the collateral manager for such CLO; and (iii) through an Originator Series, originate a portion of the loans to be held by such CLO.

There has been no explicit guidance regarding whether entities can be structured for this purpose and therefore the regulatory environment in which any such structure intends to operate is highly uncertain. There can be no assurance that applicable governmental authorities will agree that any of the transactions, structures or arrangements entered into by NMCLO and its affiliates, and the manner in which they expect to hold retention interests, will satisfy the EU Securitization Laws. The EU Securitization Laws are subject to changes, clarifications and interpretations by governmental authorities that could have an adverse effect on NMCLO and its affiliates.

The EU Securitization Laws also include transparency and reporting requirements for the originators, “sponsors” (as defined in the EU Securitisation Regulation) and issuers established in the European Union. Details of these requirements are subject to the adoption of secondary legislation that has yet to be finalized. EU Affected Investors are subject to a number of their own due diligence obligations under the EU Securitisation Regulation and they must determine for themselves that any investment they make in a securitisation satisfies such obligations. There are ongoing discussions at the EU regulatory level as well as between the market participants about the full jurisdictional scope of these requirements.

It is a requirement of the EU Securitization Laws that the “originator” not transfer its EU Retention Interest until the final maturity of the applicable CLO securities. Accordingly, NMCLO expects to covenant and agree with the issuer of each CLO it manages that it will not transfer the EU Retention Interest of such CLO other than in accordance with the EU Securitization Laws, as applicable.

In addition to the EU Retention Interest that NMCLO holds through an Investment Series, it intends to purchase from each CLO it manages, and hold in an Investment Series: (i) one or more notes entitling NMCLO to a preferred return calculated as a percentage of the overall assets of such CLO, payable on a quarterly basis immediately prior to direct payments of interest and principal proceeds on the Equity of such CLO (each a “Preferred Return Note”) and (ii) a note entitling NMCLO to a performance return, payable on a quarterly basis immediately prior to distributions on the Equity of such CLO, expected to equal a certain percentage of amounts remaining that would otherwise be available to be paid to the holders of the CLO’s equity, once the cumulative distributions by the CLO to the holders of its equity are sufficient to generate an annual internal rate of return of a certain percentage, compounded annually, on such holders’ aggregate investment in the CLO (the “Performance Note”).

Allocation of Investment Opportunity among CLOs

When NMCLO provides collateral management services to multiple CLOs that are eligible to invest in the same loans at the same time, it will be presented with conflicts of interest related to allocating investment opportunities among CLOs, as described above. In particular, due to the life cycles and fee structures common in CLOs, NMCLO could have an incentive to favor CLOs that, for example, are less than fully invested (*e.g.*, a warehouse) or for which NMCLO believes is performing sufficiently to pay relatively larger incentive fees over CLOs that are established but whose performance is such that NMCLO believes it to be relatively less likely that incentive fees will be as lucrative or those whose advisory compensation includes retention of Investment Related Fees in order to accelerate or increase fees. To mitigate these conflicts, allocations among CLOs are subject to the Allocation Policy, described in Item 10, above.

12. BROKERAGE PRACTICES

NMCLO will seek to obtain what it believes to be “best execution” in effecting transactions on behalf of the CLOs. In connection with each CLO’s portfolio transactions, NMCLO has the authority to determine the type and amount of an investment to be bought or sold, the brokers or dealers used and the commission rates paid or discount to purchase applied. In determining how to execute a transaction (including selecting brokers or dealers), NMCLO uses its best judgment in evaluating the terms of the transaction, and has the authority to and considers various factors it deems relevant, which generally will include: (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 (such as prompt and accurate confirmation and delivery), (iii) the financial strength, integrity and stability of the broker-dealer, (iv) the quality, comprehensiveness and frequency of available research services considered to be of value to NMCLO and its clients, (v) the value of brokerage services over and above trade execution provided by NMCLO and its clients, (vi) the competitiveness of commission rates in comparison with other broker-dealers satisfying NMCLO’s other selection criteria and (vii) any other factors that NMCLO deems relevant to its overall duty to seek best execution. In selecting brokers or dealers to execute transactions, although NMCLO generally seeks competitive execution costs, NMCLO is not required to solicit competitive bids and does not have an obligation to seek or otherwise obtain the lowest available price or charge. Among other reasons, certain transactions could involve specialized services on the part of a broker or dealer, which might justify higher costs than would be the case for more routine services.

Additionally, NMCLO can receive an economic benefit by having fees waived or by not being charged for utilizing specialized services, such as investment adviser electronic information downloads, access to specialized institutional brokerage trading and customer service teams, and/or specialized batched statements.

While NMCLO has no formal “soft dollar” arrangement with any broker-dealer at present, it can utilize both third party and proprietary research and cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for proprietary soft dollar benefits. In so doing, NMCLO has an incentive to select or recommend the broker-dealer based on its interest in receiving research or other products or services because NMCLO would not have to pay for such research or services directly.

Research products or services obtained with respect to transactions for a New Mountain client can also benefit and be used to assist New Mountain in advising other clients. Thus, research generated in connection with NMCLO's investment strategies will be used to benefit other New Mountain investment strategies. The CLOs could bear more or less of the costs of soft dollar or other research than other New Mountain Clients who benefit from such products or services.

As discussed above, in selecting brokers or dealers for any transaction or series of transactions, NMCLO considers a number of factors. Where NMCLO believes that equivalent execution could be obtained from more than one broker, NMCLO will, from time to time, purchase and sell securities on behalf of one or more CLOs through broker-dealers that provide research, statistical and other information; even if the CLOs are not, in every instance, the direct beneficiary of the research services provided. Research furnished by brokers or dealers often includes, but is not limited to, information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts and personal meetings with security analysts.

In selecting a broker or dealer that provides research services, NMCLO makes a good faith determination that the amount of the related transaction fee charges is reasonable in comparison to the value of the research services provided and that such research benefits New Mountain Clients. When NMCLO obtains certain products or services using "soft dollars", it seeks to do so consistently with the safe harbor created by Section 28(e) of the Exchange Act.

Brokers will sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker could be less than the suggested allocations or could exceed such suggestions because total brokerage is allocated on the basis of all considerations described above in the discretion of NMCLO. A broker will not be excluded from receiving business simply because it has not been identified as providing research services.

As discussed in Item 11 above, and consistent with NMCLO's Allocation Policy, NMCLO can, but is not required to, aggregate CLO orders to achieve more efficient execution or to provide fair and equitable treatment among CLOs. If more than one CLO seeks to purchase or sell the same asset contemporaneously, such orders will generally be aggregated in a single transaction unless NMCLO determines that aggregation is not the best interests of the relevant Client or Clients.

13. REVIEW OF ACCOUNTS

Each CLO will have at least one assigned portfolio manager. On a daily basis, the portfolio manager(s) and analysts monitor events relating to the investments held by the CLOs, including their performance and credit quality. Each CLOs Governing Documents contain certain investment restrictions and other tests, such as detailed coverage tests, portfolio profile tests, and/or collateral quality tests, that are monitored. For the CLOs, the trustee prepares schedules of fees and expenses, distributions and dividends (the "priority of payment waterfalls"), which are reviewed and agreed to by New Mountain's Operations group. On at least a monthly and quarterly basis (as applicable),

the group reviews investment holdings for compliance with their respective investment guidelines as set forth in the CLO's governing documents.

As a general matter, investors in a CLO will receive from the trustee monthly reports detailing the CLO's portfolio and all related portfolio metrics and guidelines and quarterly reports detailing all cash flows which NMCLO reviews for accuracy and completeness.

Certain investors in a CLO request additional information relating to the CLO or NMCLO's services, which NMCLO can elect to provide subject to limitations imposed by confidentiality agreements.

14. CLIENT REFERRALS AND OTHER COMPENSATION

Other than Investment Related Fees, as discussed above, NMCLO does not receive any economic benefit (including commissions, equipment or non-research services) from a non-client for providing investment advice or other advisory services to the CLO.

NMCLO pays placement agent and other similar fees to third parties for soliciting or referring prospective investors to it in accordance with applicable state and local laws, and U.S. SEC rules and regulations during relevant fundraising periods for CLOs. In these instances, any placement or other similar fees paid by NMCLO to third parties could offset the asset-based management fee with respect to such CLO as discussed under Item 5 – "Fees and Compensation" above.

15. CUSTODY

Not applicable.

16. INVESTMENT DISCRETION

The Governing Documents for each CLO grant NMCLO discretion to manage the CLO's portfolios, subject to the detailed description of such CLO's specific investment objectives, eligibility criteria and investment guidelines, policies, and restrictions set forth in the Governing Documents. While, NMCLO has sole discretion to pursue any investment strategy on behalf of a CLO that is not prohibited by the applicable Governing Documents, and to modify the strategy from time to time in the future without the approval of or prior consultation with any other person, the Governing Documents typically place significant restrictions on NMCLO's ability to buy and sell collateral obligations on behalf of the CLO. Accordingly, as a result of such restrictions, NMCLO might be unable to buy or sell assets on behalf of a CLO or to take other actions which it might otherwise consider in the best interests of such CLO and the holders of the CLO Securities.

17. VOTING CLIENT SECURITIES

While the CLOs do not expect to hold securities which solicit proxies, NMCLO could be called upon to provide (or withhold) consent to proposed modifications to loan terms and covenants. NMCLO's authority to act in these circumstances will be conferred or limited by the CLO's Governing Documents. NMCLO faces conflicts of interest in making a consent decision as to a loan where New Mountain has a business relationship with the obligor, a related sponsor or another party with an interest in the outcome of a consent request. Conflicts also arise in the event a senior

executive or other person connected with the obligor or another party with an interest in the outcome of a consent request has a significant relationship with personnel of NMCLO or New Mountain.

In accordance with its fiduciary duty to clients and Rule 206(4)-6 under the Advisers Act, NMCLO has adopted and implemented policies and procedures, which it believes are reasonably designed to assure that consents decisions are made in the best economic interest of the CLOs. Under these policies and procedures, the Chief Compliance Officer or a designee will undertake a review prior to any decision with respect to a consent to determine whether NCLOM could have a material conflict of interest. In the event that a material conflict of interest is identified, the Chief Compliance Officer or the designee will take such steps as she deems necessary in order to determine how to exercise a consent right in the best interests of the client, including, but not limited to, consulting with the New Mountain legal department, outside counsel, a proxy consultant or the portfolio manager responsible for the relevant portfolio investment, to the extent he is not personally or professionally conflicted.

Clients can obtain, without charge, a copy of NMCLO's relevant policies and procedures or information regarding how NMCLO exercised consent rights on their behalf by making a written request for this information to: Chief Compliance Officer, 1633 Broadway, 48th Floor, New York, New York 10019.

18. FINANCIAL INFORMATION

NMCLO has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.