

PART 2A OF FORM ADV: FIRM BROCHURE

NEW MOUNTAIN FINANCE ADVISERS BDC, L.L.C.

1633 Broadway, 48th Floor, New York, NY 10019

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<http://www.newmountaincapital.com>

This brochure provides information about the qualifications and business practices of New Mountain Finance Advisers BDC, L.L.C. (“NMFA,” “we” or “us”). If you have any questions about the contents of this brochure, please contact NMFA 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 NMFA also is available on the SEC website at www.adviserinfo.sec.gov.

ITEM 2. MATERIAL CHANGES

This brochure is being updated to reflect updates to fund disclosure documents and global risk factors.

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ITEM 4. ADVISORY BUSINESS

A. General Description of Advisory Firm

New Mountain Finance Advisers BDC, L.L.C. (“NMFA”), a Delaware limited liability company, commenced operations in 2011 with an office in New York, New York. NMFA registered as an investment adviser with the Securities and Exchange Commission on November 11, 2010.

The sole member of NMFA is New Mountain Capital Group, L.P. (together with its affiliates, including NMFA, “New Mountain” or the “Firm”) whose ultimate owners include Steven B. Klinsky, a minority investor, all of New Mountain’s Managing Directors (currently thirty eight individuals) and related and other vehicles. Separately, New Mountain’s general partners are controlled by Steven B. Klinsky and are ultimately owned by Steven B. Klinsky, other current and former New Mountain professionals and related vehicles and a minority investor. 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.

NMFA currently provides discretionary investment management services to: New Mountain Finance Corporation (“NMFC”), which trades publicly on the NASDAQ Global Select Market under the ticker NMFC; New Mountain Guardian III BDC, L.L.C., (“GIII”); New Mountain Guardian IV BDC, L.L.C. (“GIV”); and NMF SLF I, Inc. (“SLF I, Inc.” and collectively with NMFC, GIII, and GIV, the “Regulated Funds”). Each of the Regulated Funds is a closed-end, non-diversified management investment company that has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). The Regulated Funds invest primarily in U.S. middle market businesses, which we define as those businesses with annual earnings before interest, taxes, depreciation, and amortization (“EBITDA”) between \$10.0 million and \$200.0 million. The Regulated Funds primary focus is in the debt of defensive growth companies, which are defined as generally exhibiting the following characteristics: (i) sustainable secular growth drivers, (ii) high barriers to competitive entry, (iii) high free cash flow after capital expenditure and working capital needs, (iv) high returns on assets and (v) niche market dominance.

NMFA also provides discretionary investment management services to the following private credit funds: New Mountain Guardian Partners II, L.P. (“Guardian II”), New Mountain Guardian Partners II Offshore, L.P. (“Guardian Offshore”), New Mountain Guardian II Master Fund-A, L.P. (“Guardian II Master A”) and New Mountain Guardian II Master Fund-B, L.P. (“Guardian II Master B”, and together with Guardian II, Guardian Offshore and Guardian II Master A, the “Guardian Private Credit Clients”). Each Guardian Private Credit Client invests primarily in a diversified portfolio of loans or bonds on a leveraged basis. Affiliates of NMFA serve as the general partners of the Guardian Private Credit Clients (each a “Guardian Private Credit Client GP” and together the “Guardian Private Credit Client GPs”).

In addition, NMFA also provides discretionary investment management services to New Mountain Net Lease Partners, L.P. (“NMNLP I”) and New Mountain Net Lease Partners II, L.P. (“NMNLP II” and together with NMNLP I, the “Net Lease Funds”, and the Net Lease Funds together with the Guardian Private Credit Clients, the “Private Credit Clients”). The Net Lease Funds invest primarily in commercial properties that are subject to “triple net” leases. Affiliates of NMFA serve as the general partners of the Net Lease Funds (each a “Net Lease Fund GP” and together the “Net Lease Fund GPs”, and together with the Guardian Private Credit Client GPs, the “Private Fund GPs”). Together, the Regulated Funds and the Private Credit Clients are referred to herein as “Clients”.

As previously noted, the Private Fund GPs are controlled by Steven B. Klinsky and are ultimately owned by Steven B. Klinsky, other current and former New Mountain professionals and related vehicles and a

minority investor.

B. Description of Advisory Services, Investment Strategies & Types of Investments

NMFA provides discretionary investment management services to its Clients. In servicing Clients in accordance with their individual objectives and strategies, the members of NMFA's investment team have access to the extensive and varied relevant experience of the investment professionals of New Mountain Capital, LLC, an advisory affiliate of NMFA that specializes in private equity investing ("NMC"), and our other advisory affiliates. We refer to the consolidated investment advisory business of NMFA and our advisory affiliates as the "Firm".

In providing advisory services to our Clients, NMFA is responsible for investigating, identifying and evaluating investment opportunities, structuring, negotiating and making (or recommending, as applicable) investments on behalf of our Clients, managing and monitoring the performance of such investments and disposing (or recommending the disposition) of such investments. NMFA also manages the portfolio of companies and other investments belonging to our Clients, including the purchase and disposition thereof. NMFA provides investment management services in accordance with our Clients' investment objective and policies as stated in our Clients' respective offering documents, investment advisory agreements, limited partnership agreements, limited liability company agreements, and any other side letters or agreements that are entered into with each Client and, with respect to the Regulated Funds, their prospectuses and other public filings (collectively, "Governing Documents"). Investment management services are provided directly to Clients and not individually to investors in Clients. In the case of the Regulated Funds, investment management services are subject to the oversight of the board of directors of each Regulated Fund.

In addition to making debt and equity investments in middle-market companies as a BDC, NMFC was, but is no longer, registered, as an investment adviser. NMFC provided investment advisory services to a separate client that invested primarily in senior loans. Regardless of its status as an adviser, NMFC and our other Clients will generally be permitted to co-invest in companies subject to the restrictions of the 1940 Act, which regulate transactions with certain affiliates. NMFC and our other Clients can generally co-invest if the only term being negotiated is price, or if the proposed transaction is consistent with certain exemptive relief, that was granted to NMFC and certain of its affiliates by the SEC on October 8, 2019 (the "Co-Invest Order"), which superseded prior orders dated December 18, 2017 and June 5, 2017. The SEC granted NMFC's request to amend the Co-Invest Order on August 30, 2022, which amended the Co-Invest Order to permit follow-on investments in existing portfolio companies with certain affiliates that are private funds if such private funds did not hold an investment in such existing portfolio company. NMFC's own investment activities are managed by NMFA, and supervised by NMFC's board of directors, a majority of whom are independent of NMFA and its affiliates.

C. Tailoring to Individual Needs and Investment Restrictions

We tailor our investment advisory services to the individual needs of our Clients. Each Client's Governing Documents provide a detailed description of the Client's investment objectives, and any specific investment guidelines, policies, or restrictions.

D. Wrap Fee Programs

NMFA does not participate in wrap fee programs.

E. Assets Under Management

As of December 31, 2022, NMFA managed \$8,796,531,777 of regulatory assets under management on a discretionary basis.

ITEM 5. FEES AND COMPENSATION

A. Fees and Compensation & Payment of Fees

NMFA or its affiliates receive management and advisory fees, and performance fees (or similar incentive compensation) from each Client. Additionally, consistent with each Client's Governing Documents, Clients bear certain out-of-pocket expenses incurred by the Client or by NMFA in connection with the services it provides to the Client. Descriptions of fees and expenses borne by Clients are provided below.

Fees and expenses differ among Clients. Each Client's fees and their calculation methodologies, as well as the expenses each Client could bear, are set forth in the Client's Governing Documents. These can be the product of negotiation between NMFA and a Client or be set at the establishment of the Client. Fees and certain expenses are generally subject to waiver, reduction or cap by NMFA, whether voluntarily or on a negotiated basis. With respect to Private Credit Clients, fees and expenses can also differ among investors in such Clients, and waivers and reductions can be negotiated with individual investors. Additionally, NMFA or an affiliate (as applicable based on each Client's Governing Documents) provides administrative services to, and receives administrative fees from, certain Clients in addition to the advisory, management and/or performance fees. In addition to management fees and carried interest, NMFA and its affiliates can receive directors' fees, transaction fees, investment banking fees, break-up fees, advisory fees, monitoring fees or other similar fees with respect to advisory and related services provided in connection with investments by the Clients.

Guardian Private Credit Clients:

Management Fees

Each of the Guardian Private Credit Clients' management fee is equal to 1.25% of its aggregate capital contributions, less the sum of proceeds from the disposition of investments representing a return of capital and the cumulative amount of any write-downs on the investments. For the avoidance of doubt, the management fee is not calculated on any leverage employed in the investment strategy.

Management fees for each of the Guardian Private Credit Clients are generally charged quarterly in advance and paid out of proceeds from a Guardian Private Credit Client's investment income that would otherwise be distributable to such investors. The management fee for each Guardian Private Credit Client is reduced by the amount of excess organizational expenses paid by investors in such Guardian Private Credit Client, as well as by a specified percentage of certain other fees received by NMFA as described in "Other Fees and Expenses" below.

Management fees charged can be reduced, waived, capped or calculated differently in the sole discretion of NMFA for the Guardian Private Credit Clients or for any one or more investors therein, but will not, absent an amendment to the Governing Documents, be higher than as set forth herein. No general Guardian Private Credit Client GP shall bear any management fees with respect to its general partnership interest. Additionally, the rate of management fees in respect of investors that are affiliates of New Mountain shall be reduced by 50%.

Incentive Compensation/Carried Interest

As general partner of a Guardian Private Credit Client, the applicable Guardian Private Credit Client GP is entitled to performance-based allocations and distributions in the form of carried interest. A detailed description of the carried interest calculation methodology applicable to each Guardian Private Credit Client can be found in the Guardian Private Credit Client's Governing Documents. Generally, however, carried interest for each Guardian Private Credit Client is calculated based on a percentage of the profits generated from the Guardian Private Credit Client's investments and is subject to the satisfaction of a preferred return, the recoupment of allocated losses and fees, if any, and expenses and other adjustments or factors set forth in such Guardian Private Credit Client's Governing Documents. The Guardian Private Credit Client GP will, in certain circumstances and consistent with the Private Credit Client's governing Documents, elect to waive or defer all or a portion of the carried interest for the Guardian Private Credit Client or for any one or more investors therein. The existence of a Guardian Private Credit Client GP's carried interest creates an incentive for NMFA to make riskier or more speculative investments on behalf of a Guardian Private Credit Client than would be the case in the absence of this arrangement.

The Net Lease Funds:

Management Fees

Generally, the management fee is equal to 1.75% of its aggregate capital commitments during the investment period, thereafter 1.75% per annum of the actively invested capital. Certain larger limited partners will receive a management fee discount.

Management fees charged can be reduced, waived or calculated differently in the sole discretion of NMFA. 100% of all directors', transaction, investment banking, break-up, advisory, monitoring and other similar fees will reduce the amount of the management fee payable.

Incentive Compensation/Carried Interest

The Net Lease Funds' GPs are entitled to performance-based allocations and distributions in the form of carried interest, calculated as described in detail in the Net Lease Funds' Governing Documents. Generally, however, carried interest is calculated based on a percentage of the profits generated from Net Lease Funds' investments and is subject to the satisfaction of a preferred return, the recoupment of allocated losses and fees, if any, and expenses and other criteria set forth in the Governing Documents. Net Lease Funds' GPs can elect to waive or defer all or a portion of the carried interest. The existence of a Net Lease Fund GP's carried interest can create an incentive for the Net Lease Fund GP to make riskier or more speculative investments on behalf of Net Lease Funds than would be the case in the absence of this arrangement.

Regulated Funds:

For GIII, the management fee is equal to 1.15% of the aggregate contributed capital from all unitholders (including any outstanding borrowings), less any return of capital distributions and cumulative realized losses, and is calculated annually and payable quarterly in arrears. The incentive fee for GIII consists of: (i) an incentive fee calculated and payable quarterly in arrears based on GIII's pre-incentive fee net investment income, if any, that exceeds specified hurdle rates and (ii) an incentive fee on cumulative net realized capital gains, if any, that exceeds certain internal rates of return and distribution hurdles.

For GIV, the management fee is equal to 1.15% of the aggregate contributed capital from all unitholders (including any outstanding borrowings), less any return of capital distributions and

cumulative realized losses, and is calculated annually and payable quarterly in arrears. The incentive fee for GIV consists of: (i) an incentive fee calculated and payable quarterly in arrears based on GIV's pre-incentive fee net investment income, if any, that exceeds specified hurdle rates and (ii) an incentive fee on cumulative net realized capital gains, if any, that exceeds certain internal rates of return and distribution hurdles.

For SLF I, Inc., effective September 26, 2022, the management fee shall be calculated at an annual "Blended Rate" with respect to the SLF I, Inc.'s assets invested at the end of each quarterly period by reference to (i) 0.70% in the case of assets invested equal to or less than \$500 million and (ii) 0.60% in the case of assets invested of greater than \$500 million. Upon such time that SLF I, Inc. has \$1.0 billion of assets invested, the management fee will be calculated at the Blended Rate based on the greater of the actual assets invested as of the end of any quarter and target assets invested for the quarter. The management fee is calculated quarterly and payable quarterly in arrears.

B. Other Fees and Expenses

In addition to the foregoing, (and exclusive of) the fees and expenses set forth above, certain Clients (and therefore investors in certain Clients) generally bear expenses relating to such Client's operations. These expenses will vary based on the Governing Document(s) of each Client, but typically will include, among other things: (a) the fees and expenses relating to consummated investments, proposed but unconsummated investments (i.e., Broken Deal expenses) and temporary investments, including the sourcing, bidding, financing, evaluating, making deposits on, purchasing, trading, syndication of co-investments, settling, maintaining custody, disposition, monitoring, acquisition, holding and sale of thereof, including origination fees, syndication fees, research costs, due diligence costs, broken deal expenses, bank service fees, fees and expenses of custodians, consultants, experts, travel, meal, lodging and entertainment expenses incurred for investment related purposes, outside legal counsel, consultants and accountants, administrator's fees and financing costs (including interest expenses) and fees and expenses related to the organization or maintenance of any intermediate entity used to acquire, hold or dispose of any investment or otherwise facilitating the Client's investment activities, including without limitation any overhead expenses related to such entity and costs of advisers, consultants, engineers and other professionals and service providers to the Client and its investment entities, in each case to the extent that such fees and expenses are not reimbursed by a portfolio company or other third person; (b) premiums for insurance protecting the Client and any covered person from liabilities to third persons in connection with affairs of such Client to the extent such premiums cover liabilities with respect to actions or omissions of the such Client or of any covered person that would otherwise be subject to indemnification by such Client pursuant to the terms of the Governing Document(s) of such Client; (c) out-of-pocket legal, portfolio company-related and investment-related public relations, custodial and accounting expenses of third-party service providers, including fees, costs and expenses associated with the preparation of amendments to the Governing Document(s) and the solicitation of consent to such amendments, the preparation, printing and distribution of a Client's financial statements, tax returns and Schedule K-1s, Fund-Related Compliance Obligation Expenses (as defined below) and out-of-pocket expenses related to data rooms, investor portals or other websites and accounting systems; (d) interest on and fees and expenses arising out of all borrowings, including, but not limited to, the arranging thereof and the costs and expenses of any lenders, investment banks and other financing sources; (e) out-of-pocket auditing, accounting, appraisal, banking, brokerage commissions, consulting, operating and valuation expenses of third-party service providers (including compliance, accounting and technology and environmental, social and governance consultants); (f) out-of-pocket fees, costs and expenses of any third-party administrators and deal finders; (g) extraordinary costs and expenses (including, but not limited to indemnification and contribution expenses); (h) subject to

certain exceptions, taxes and other governmental charges, fees and duties payable by the Fund, and costs and expenses associated with third-party tax advisors, tax return preparation or tax audits; (i) subject to certain exceptions, taxes and other governmental charges, fees and duties payable by the Fund, and costs and expenses associated with third-party tax advisors, tax return preparation or tax audits; (j) costs of damages (including the costs of any indemnity or contribution right granted to any placement agent or third-party finder for interests engaged by the Client or its affiliates); (k) costs of reporting to investors and of any annual meeting or any special meetings of investors; (l) costs associated with any third-party examinations or audits (including other similar services) of a Client or NMFA that are attributable to the operation of a Client or requested by investors; (m) costs of winding up, liquidating, dissolving and terminating the Client; (n) costs and expenses of asset managers, property managers and other professionals and service providers in respect of a Client's properties; (o) expenses incurred in connection with complying with the Governing Document(s) and provisions in side letter agreements entered into with investors, including "most favored nations" provisions, as well as any costs and expenses incurred in connection with transfer pricing studies and any transfers of interests (to the extent not reimbursed by the parties to such transfer); (p) administering and servicing and special servicing fees (whether paid to third-parties or to affiliates of NMFA); (q) the cost of operational, legal, compliance, ESG, tax and accounting software and related expenses; (r) cost of software utilized by New Mountain in connection with the initial onboarding of investors and ongoing monitoring thereof (e.g., IntraLinks and other dataroom software and electronic subscription document software, and the ongoing monitoring and updating of information included therein and generated thereby (including the fees of third-party software developers and software utilized in connection with a Client's investment, operational, treasury and accounting activities and related expenses, including as related to risk, research and market data, operations, accounting, treasury and the tracking and monitoring of investments (e.g., portfolio management software, general ledger software, environmental, social and governance monitoring software, subscription management software and automation tools) used by NMFA and its affiliates; (s) risk, research and market data-related expenses (including software and hardware) related to prospective and actual portfolio companies; and (t) fees and expenses of the Executive Advisory Council (as defined below).

If and as permitted by Governing Document(s) of a Client, the Client may retain an affiliate of New Mountain to provide administrative services for a Client and charge related expenses to such Client, in which case such Client will bear the cost of various services (e.g. administrative services, including clerical, bookkeeping and record keeping services, the filing of tax returns and the establishment of bank accounts), in-house transactional legal and tax services (including, for example, with respect to the negotiation of and ongoing compliance with and reviews of transactional legal documents related to the investments made by the Clients and NDAs, and coordinating with portfolio companies regarding ongoing annual tax reporting and filings), reporting services and accounting services (including the preparation and distribution of capital call, distribution and other notices, the preparation of cash reconciliations and the review of funds flows and the preparation and finalization of wirings)) provided by New Mountain personnel in connection with such Client's activities and engagements with investors therein, administrative and accounting services (including the provision of valuation, shadow accounting, investor reporting, meeting preparation, corporate and tax structuring and related services), treasury, leveraged purchasing, IT system support, system implementation, anti-money laundering and know-your-customer services and monitoring and compliance, all other compliance services provided by New Mountain's compliance personnel with respect to a Client, its portfolio companies and their activities (including, without limitation, services related to legal and regulatory compliance obligations (e.g., reporting and filing obligations) under U.S. federal, state, local, non-U.S. or other laws and regulations related to a Client's activities and the making, holding or disposing of portfolio investments by a Client), local and state filing services, asset management and operations, hedging, fund finance, fund borrowing and currency management and compliance, environmental, social and governance services and services related to transfers of interests, and to respond to requests from investors, for a Client or its portfolio companies (that could otherwise be performed by third parties), and New Mountain may separately charge such amounts to the applicable Client for such

services so long as NMFA or its applicable affiliates determines in good faith that the amounts charged for such services represent the fully allocated costs of New Mountain of providing such services (inclusive of the costs of employee compensation and related taxes, health insurance and other benefits, and such employees' allocable portion of overhead, rent and utilities), which amounts would not be included in the management fee, and which are expected to be significant. For the avoidance of doubt, these services include services provided in lieu of or alongside (and/or to supplement or monitor) third-party service providers, such as third-party legal, compliance, accounting and administrative service providers. These services encompass many of the services provided by New Mountain to the Clients in connection with day-to-day operations (and in some cases may comprise a majority or substantially all of the business time spent by personnel on such Client's activities) and the related costs borne by such Client will be in addition to other fees paid to New Mountain. Moreover, the use of New Mountain services is not uniform across the Clients and certain costs may be incurred by (or allocated to) a Client through the use of New Mountain services that are not incurred by (or allocated to) some or all other Clients. New Mountain will determine from time to time such costs (which may be based on New Mountain's estimate of the market rates available for such services) and how to allocate such costs to such Client, and such determinations may include one or more of the following methodologies: (i) the use of time-keeping records, or the review of historical time spent by personnel on such Client and the predecessor funds in order to approximate the portion of time such personnel spent on such Client, (ii) the determination by New Mountain of a fixed amount that New Mountain believes in good faith represents the costs of such administrative services allocable to such Client (e.g. a determination of such Client's proportionate share based on NMFA's assets under management) or (iii) any other methodology determined by New Mountain to be appropriate under the circumstances. Any methodology and the choice thereof involves inherent conflicts and may, in certain circumstances, result in incurrence of greater expenses by such Client than would be the case if such services were provided by third parties.

"Fund-Related Compliance Obligation Expenses" will vary based on the Governing Document(s) of each Client, but will generally include costs and expenses of all legal and regulatory compliance obligations under U.S. federal, state, local, non-U.S. or other laws and regulations directly related to the making, holding or disposing of investments by such Client (whether such compliance obligations are imposed on NMFA or the Clients), including, without limitation, the preparation and filing of (a) Form PF and Items 5(k) and/or 7(b) and their corresponding schedules under form ADV under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), (b) Form 13F, Form 13H, Section 16 filings, Schedule 13D filings, Schedule 13G filings and other ownership filings, (c) TIC Form SLT filings, (d) materials required under FATCA and FinCEN reporting requirements applicable to the Client, (e) CFTC Form 4.13(a)(3), CPO-PQR, CTA PR and NFA Form PQR filings, (f) filings under the Hart-Scott-Rodino Antitrust Improvements Act and other antitrust laws and regulations, (g) blue sky filings, registration statement filings, (viii) Cayman Islands Investment Funds Reporting filings, including FAR filings and (h) any other forms, schedules or other filings with governmental and self-regulatory agencies directly related to the making, holding or disposing of portfolio investments (including any costs related to any inquiry, investigation or proceeding involving the Client), and the costs and expenses of any custodian, administrator and/or depositary (including, for the avoidance of doubt, the performance of any functions of a custodian, administrator and/or depositary contemplated by the Directive 2011/61/EU of the European Parliament and of the European Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (the "AIFM Directive")) appointed by the applicable Client in relation to the safeguarding, administering and/or holding (or similar) of investments and/or registrations, licenses, notices, reports and/or filings prepared in connection with the laws and/or regulations of jurisdictions in which a Client engages in activities, including any registrations, licenses, notices, reports and/or filings required in accordance with the European Union Sustainable Finance Disclosure Regulation and any other applicable legislation or regulations related to the European Commission's Action Plan on Financing Sustainable Growth ("SFDR"), the AIFM Directive or any national private placement regime in any jurisdiction and any related regulations,

and other notices or disclosures of New Mountain and/or its affiliates relating to a Client and their activities or any national private placement regime in any jurisdiction and incurred in connection with compliance with disclosure, reporting and other similar obligations pursuant to Governing Documents or under the AIFM Directive or any national private placement regime in any jurisdiction (including for the avoidance of doubt, the preparation and filing of any reporting required in connection with, or prescribed by, SFDR or the AIFM Directive, including the preparation of prescribed information in the Client's annual report, and the capture, processing and submission of relevant data in the form of Annex IV reports) and costs and expenses in relation to the appointment of third-party alternative investment fund managers, as well as costs and expenses associated with operating Luxembourg entities formed in connection with the Client's activities.

Investors in certain Clients will generally also bear expenses relating to formation and the organization of, and sale of interests in the Client pursuant to terms of the Governing Document(s) of such Client, including all placement fees and all out-of-pocket legal, tax, accounting, printing, data room, consultation, administrative, marketing material preparation expenses (including third-party marketing material compliance reviews), costs and expenses of online subscription documents, and U.S. and non-U.S. filing fees and expenses of the Client (including with respect to any registration or licensing of the Client for marketing under any national private placement, marketing passport or similar regimes outside of the United States including those in member states of the European Union (the "EU")) and payments to any locally licensed intermediary or distributor required to market the Client in particular jurisdictions.

The applicable Client shall endeavor where appropriate to cause each potential co-investor that is considering an investment alongside a Client prior to the signing of the Client's portfolio investment to bear its proportionate share of broken deal expenses related to such potential portfolio investment, but to the extent not reimbursed by co-investors or other parties that may have invested in an unconsummated portfolio investment had it been consummated, broken deal expenses may and will be borne entirely by the Client and no share of such expense shall be required to be allocated to any such co-investors or other party; provided that no share of any breakup fees shall be allocated to any co-investor that is not bearing broken deal expenses. There may and have been circumstances when New Mountain has considered a potential investment in a portfolio company on behalf of a Client, has determined not to make such investment and an investment is eventually made in such portfolio company by other investment vehicles or accounts sponsored by New Mountain. In these circumstances, such vehicles or accounts benefit from research by NMFA's investment team and/or from costs borne by the Client related to this research or otherwise occurred in pursuing the potential portfolio investment, but are not required to reimburse the Client for expenses incurred in connection with such investment. Investments may be structured in a manner such that a Client invests in one or more investments through one or more "master" vehicles that are formed for co-investors to participate in such investments through, and in such cases the Client bears expenses related to such vehicles, including organizational and audit expenses.

Pursuant to the Governing Documents of certain Clients, NMFA can receive directors' fees, transaction fees, investment banking fees, break-up fees, advisory fees, monitoring fees, credit guarantor fees or other similar fees. A specified percentage of these fees, net of related expenses, will be applied to reduce the management fees payable by Clients pursuant to the Governing Document(s). Certain Clients employed the use of a placement agent and incurred placement fees for the use of the placement agent during their fundraising period. Moreover, NMFA and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Clients which will not be subject to the management fee offset or otherwise shared with the Clients, their investors and/or their portfolio companies. For example, airline travel or hotel stays incurred as fund expenses typically result in "miles" or "points" or credit in loyalty / status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to New Mountain and/or such personnel (and not the Clients, their investors and/or their portfolio companies) even though the cost of the underlying service

is borne by the Clients and/or their portfolio companies.

The Executive Advisory Council is a network of various consultants that provide services to NMFA, certain Clients and their portfolio companies on a non-exclusive basis. Members of the Executive Advisory Council will, for example, (i) serve as executives, board members of (or in other positions) at portfolio companies, (ii) assist NMFA in sourcing and underwriting potential transactions for the Clients and (iii) provide other diligence and research or other services to New Mountain. Project-related fees and reasonable and documented out-of-pocket expenses of members of the Executive Advisory Council in connection with specific diligence for a potential investment will generally be paid by the applicable portfolio company, except in the case of their fees and expenses incurred in connection with unconsummated investments, in which case such amounts are expected to be paid by the applicable Client. To the extent services of members of the Executive Advisory Council relate to more than one Client, New Mountain shall determine in good faith in accordance with its policies and procedures the appropriate allocation of fees and expenses of the Executive Advisory Council among such Clients.

New Mountain will make determinations of market rates (i.e., rates that fall within a range that New Mountain has determined is reflective of rates in the applicable market and certain similar markets, though not necessarily equal to or lower than the median rate of comparable firms) based on its consideration of a number of factors, which are generally expected to include New Mountain's experience with non-affiliated service providers, whether services are being provided at cost, as well as benchmarking data and other methodologies determined by New Mountain to be appropriate under the circumstances.

For a detailed discussion of the factors that we consider in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of commissions and compensation for such broker-dealers, please see Item 12, "Brokerage Practices."

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

As discussed under Item 5 – "Fees and Compensation" – above, and in the relevant Governing Documents, the Guardian Private Credit Client GPs and the NMNL GPs are entitled to performance-based allocations and distributions in the form of carried interest, and NMFA is entitled to incentive fees, from the relevant Clients.

Performance-based fee arrangements create an incentive for NMFA to recommend investments that are riskier or more speculative than those that NMFA might otherwise recommend under a different fee arrangement. Performance-based fee arrangements that are based on realized gains create an incentive for NMFA to realize gains in order to earn or increase its fee, although continuing to hold the investment might have been in the client's best interest. In addition, since NMFA determines the fair value of certain investments and NMFA's compensation is based, in part, on valuations of assets and performance, NMFA has an incentive to assign valuations that are higher than could be, or ultimately are, realized upon sale.

The payment of incentive fees at varying rates can create an incentive to disproportionately allocate time, services, or functions to Clients paying higher incentive fees, or to allocate investment opportunities that NMFC believes could be higher performing to such Clients. As noted in Item 4 above, both NMFA on behalf of our Clients, and NMFC make debt and equity investments in middle-market companies. Accordingly, NMFA is subject to side-by-side management conflicts of interest.

NMFA and its advisory affiliates seek to eliminate or mitigate the conflicts created by performance-based compensation and side-by-side management by, among other things, adopting and implementing compliance policies and procedures reasonably designed to address such conflicts, including an allocation policy which is discussed more fully in Item 10, "Other Financial Industry Activities and Affiliations."

ITEM 7. TYPES OF CLIENTS

The only investment advisory service provided by NMFA is in the capacity of acting as the investment adviser to its Clients, as noted in Item 4. With the exception of NMFC, , which is publicly traded, each Client's investors are "accredited investors," as that term is defined by Rule 501 of Regulation D under the Securities Act of 1933, as amended, (the "Securities Act") and in the case of Clients that rely on Section 3(c)(7), "qualified purchasers" under Section 2(a)(51)(A) of the 1940 Act.

Details concerning applicable investor suitability criteria for each of the Private Credit Clients are set forth in the respective offering documents and subscription materials. The offering documents of each of the Private Credit Clients generally provide for a minimum investment amount (typically \$5 million), although such minimums can be waived.

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

Methods of Analysis, Investment Strategies and Risk of Loss

The Governing Documents for each Client provide a detailed description of that Client's specific investment objectives and can include specific investment guidelines, policies, or restrictions that will impact NMFA's activities and freedom of action to invest on the Client's behalf, which could impact performance. Except as can be set forth in Governing Documents, NMFA pursues a wide variety of investment strategies and can modify or depart from a Client's investment strategy to pursue investment opportunities that it believes are sufficiently attractive and appropriate for a Client.

As a general matter, though, Clients primarily invest in debt securities and loans, including first and second lien debt, notes, bonds and mezzanine securities. A Client's first lien debt can include, among others, traditional first lien senior secured loans or unitranche loans. Unitranche loans combine characteristics of traditional first lien senior secured loans with those of second lien and subordinated loans. Unitranche loans, therefore, expose Clients to the risks associated with second lien and subordinated loans to the extent it invests in the "last out" tranche. In some cases, Clients will or could invest in equity interests, although these interests are expected to be relatively small in most cases. The Net Lease Funds generally invest in a diversified portfolio of long-term leased, operationally critical, net lease real estate assets, principally in North America.

NMFA focuses primarily on the debt or net lease properties of defensive growth companies. In NMFA's view, these typically exhibit the following characteristics: (i) sustainable secular growth drivers, (ii) high barriers to competitive entry, (iii) high free cash flow after capital expenditure and working capital needs, (iv) high returns on assets and (v) niche market dominance. Subject to its Governing Documents, a Client's portfolio often will be concentrated in a limited number of industries or issuers and are not expected to be broadly diversified from a geographic or capital structure perspective.

This Item 8 also describes certain material risks that are generally applicable to Clients. Clients' investment strategies and the methods of analysis NMFA employs in managing Client accounts. While these also generally apply to the Regulated Funds as well, investors in the Regulated Funds are advised to review carefully the relevant Regulated Fund's strategy, risk and conflicts disclosure in its publicly filed registration statements on Form 10-K. Similarly, investors in a Private Credit Client should review carefully the disclosure in that Client's Governing Documents for a more complete discussion of the investment strategies of, and the risks and potential conflicts of interest associated with an investment in, that Private Credit Client.

Material Risks

No Assurance of Investment Return

Investment in any Client entails a high degree of risk. NMFA or its respective affiliates, can provide no assurance whatsoever that the Client will be successful in choosing, making and realizing investments in any particular portfolio company or portfolio companies. There is no assurance that the Client 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 portfolio companies and transactions described in the Client's respective Governing Documents. There can be no assurance that any investment in a Client will return any distribution from the Client. Although NMFA seeks to invest in such a manner that Clients 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 any Client 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. **Past performance of investment entities associated with New Mountain and its affiliates is not necessarily indicative of future results. There can be no assurance that any Client will achieve comparable results or that performance objectives of any Client will be achieved.**

Legal and Regulatory Environment for Private Investment Funds and their Managers

The legal, tax and regulatory environment worldwide for private investment funds (such as the Private Credit Clients) and their managers is evolving. Changes in the regulation of private investment funds, their managers, and their trading and investing activities could have a material adverse effect on the ability of each Private Credit Client to pursue its investment program and the value of investments it holds. There has been an increase in scrutiny of the private investment fund industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of the Private Credit Clients to pursue their investment programs or employ brokers and other counterparties could have a material adverse effect on the Private Credit Clients. In addition, NMFA can, in its sole discretion, cause the Private Credit Clients to be subject to certain laws and regulations if it believes that an investment or business activity is in a Private Credit Client's interest, even if such laws and regulations could have a detrimental effect on one or more investors in the Private Credit Client.

General Economic and Market Conditions

The success of a Client's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, industry conditions, competition, technological developments, domestic and international economic uncertainty, changes in laws, trade barriers, currency exchange controls, and national and international political circumstances. These factors may affect the level and volatility of financial instruments' prices and the liquidity of such Client's investments. A Client's financial condition and profitability may be adversely affected by a significant general economic downturn.

Risks Relating to Management

Limited or No Operating History

Certain Clients are newly formed, or recently formed, entities and do not have any operating history, or have limited operating history, upon which prospective investors can evaluate their anticipated performance. The investment professionals of NMFA have been using investment strategies similar to the investment strategies described herein for several years. However, there can be no assurance that Clients or NMFA will achieve results comparable to those that the investment professionals have achieved in the

past.

Dependence on the Investment Manager

The success of Clients is dependent upon the ability of NMFA to manage Clients and effectively implement Clients' investment programs. Client Governing Documents do not permit investors to participate in the management and affairs of a Client.

Dependence on Employees and Service Providers

Misconduct by employees or by third-party service providers could cause significant losses to NMFA or a Client. Employee misconduct may include binding a Client to transactions that exceed authorized limits or present unacceptable risks and other unauthorized activities or concealing unsuccessful trading investments (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third-party service providers, including, without limitation, failing to recognize trades, misappropriating assets or a failure of a custodian that holds securities of a Client. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting a Client's business prospects or future marketing activities. It is not always possible to deter misconduct by employees or service providers, and the precautions NMFA take to detect and prevent this activity may not be effective in all cases. No assurances can be given that the due diligence performed by NMFA will identify or prevent any such misconduct.

Retention and Motivation of Employees

The success of Clients is dependent upon the talents and efforts of highly skilled individuals employed by NMFA and NMFA's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other employees. Clients depend on the investment judgment, skill and relationships of the investment professionals of NMFA, as well as other key personnel, to identify, evaluate, negotiate, structure, execute, monitor and service their investments. NMFA, as an affiliate of New Mountain, is supported by New Mountain's team. NMFA will depend upon New Mountain to obtain access to investment opportunities originated by the professionals of New Mountain and its affiliates. There is ever-increasing competition among alternative asset managers, financial institutions, private investment firms, financial sponsors, investment managers and other industry participants for hiring and retaining qualified investment professionals. There can be no assurance that NMFA personnel will not be solicited by and join competitors or other firms and/or that NMFA will be able to hire and retain any new personnel that it seeks to maintain or add to its roster of investment professionals. In addition, members of the investment team will work on other projects for NMFA. Conflicts of interest may arise in allocating management time, services or functions, and NMFA's ability to access other professionals and resources within NMFA for the benefit of a Client as described herein will be limited. There can be no assurance that NMFA's investment professionals will continue to be associated with NMFA throughout the life of any Client, and the failure to attract or retain such investment professionals could have a material adverse effect on Clients and investors investments therein. Competition in the financial services industry for qualified employees is intense and there is no guarantee that, if lost, the talents of NMFA's investment professionals could be replaced.

Investment and Due Diligence Process

Before making investments, NMFA will review and, to the extent it deems it necessary, update the existing research previously produced by New Mountain. New Mountain conducts due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When

conducting due diligence, NMFA and before it, New Mountain more generally, often must evaluate important and complex business, financial, tax, accounting and legal issues. When conducting due diligence and making an assessment regarding an investment, NMFA and New Mountain generally will rely on the resources reasonably available to them, respectively, which in some circumstances, whether or not known to NMFA or New Mountain (as applicable) at the time, might not be sufficient, accurate, complete or reliable. Due diligence will not always reveal or highlight matters that could have a material adverse effect on the value of an investment.

Increased Regulatory Oversight

Increased regulation and regulatory oversight of private investment funds and their managers could impose administrative burdens on NMFA, including, without limitation, responding to examinations and other regulatory inquiries and implementing policies and procedures. Such administrative burdens could divert NMFA's time, attention and resources from portfolio management activities to responding to inquiries, examinations and enforcement actions (or threats thereof). Regulatory inquiries often are confidential in nature, can involve a review of an individual's or a firm's activities or studies of the industry or industry practices, as well as the practices of a particular institution.

Effect of Substantial Losses

If, due to extraordinary market conditions or other reasons, Clients and other investment funds or accounts managed by NMFA or New Mountain were to incur substantial losses, the revenues of NMFA can decline substantially. Such losses could hamper NMFA's ability to (i) retain employees, (ii) provide the same level of service to the Clients as it has in the past, and (iii) continue operations.

Increasing Assets Under Management

The rates of return achieved by advisers or managers often diminish as the assets under their management increase. NMFA has not agreed to limit the amount of capital it will manage in the Clients, or generally.

Risks Relating to Market Conditions Generally

General Economic and Market Conditions

Clients 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 debt investments 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 Clients. In addition, some borrowers 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 begin to suffer economic distress, and the uncertainty and market instability in any such country would increase the likelihood of default by such borrower. In the event of its insolvency, any such borrower, 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.

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 Clients.

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 global pandemic. 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 extent and duration of such negative impact, to the private equity industry and global markets as a whole, is currently unknown. The global ramifications of the outbreak are rapidly evolving, and many countries have reacted by instituting (or strongly encouraging) quarantines, prohibitions on travel, the closure of offices, businesses, factories, schools, retail stores, restaurants, hotels, courts and other public venues, and other restrictive measures designed to help slow the spread of COVID-19. Many businesses have also implemented similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, have created significant disruption in the global public and private markets, supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries. Moreover, with the continued spread of COVID-19, in particular in certain nations and localities, governments and businesses are likely to take increasingly aggressive measures to help slow its spread. For this reason, among others, as COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession (which recessions some financial experts opine have already arrived) are increasingly uncertain and difficult to assess.

Any public health emergency, including any outbreak of COVID-19, SARS, Monkeypox, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could negatively impact a Client and could meaningfully affect a Client’s ability to fulfill its investment objectives.

The extent of the impact of any public health emergency on a Client operational and financial performance will depend on many factors, including but not limited to the duration and scope of such public health emergency, the extent of any related travel advisories and voluntary or mandatory government restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and spending levels, the extent of government support 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. For this reason, valuations in this environment are subject to heightened uncertainty and subject to numerous subjective judgments, any or all of which could turn out to be incorrect with the benefit of hindsight. Furthermore, traditional valuation approaches that have been used historically may need to be modified in order to

effectively capture fair value in the midst of significant volatility or market dislocation. The effects of a public health emergency may negatively impact the value and performance of a Client, a Client's ability to source, manage and divest investments (including but not limited to circumstances where potential transactions are already signed but not closed) and a Client's ability to achieve its investment objectives, all of which could result in significant losses to a Client. Any such disruptions may continue for an extended period of time. The full impacts of the pandemic on markets, business activity and the U.S. and global economy, as well as the effects of changes in economic, monetary and fiscal policies of the U.S. and/or other countries that have been adopted and may in the future be adopted to address the pandemic, price shocks and related externalities, are not yet fully identified or understood. In implementing a Client's investment strategy, NMFA will make a number of assumptions, including as to the severity of the consequences of COVID-19 to the U.S. and global economies as well as prospective portfolio companies. There can be no assurances that such assumptions will be correct and unexpected events and developments, including the severity of the pandemic on economies and specific portfolio companies, may be detrimental to a Client and its investments. In addition, the operations of a Client, its portfolio companies, and NMFA 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, including possibly the key executives and key professionals, or the personnel of any such entity's key service providers. The impact to businesses in such circumstances has been and is expected to continue to be substantial.

In connection with the impacts of the current pandemic and any future such public health crisis, the Clients are expected to incur heightened legal expenses which could similarly have an adverse impact to a Client's returns. For example, but not by limitation, a Client may be subject to heightened litigation and its resulting costs, which costs may be significant and are expected to be borne by a Client and/or its investments. There is also a heightened risk of cyber and other security vulnerabilities during the current public health emergency and any future one, which could result in adverse effects to a Client or the portfolio companies in the form of economic harm, data loss or other negative outcomes.

While the U.S. Food and Drug Administration and other similar regulators globally have approved COVID-19 vaccines (some for emergency use only) and these vaccines are currently available to the general public in the United States and in some non-U.S. jurisdictions, due to limited supply they are not yet widely available to the general public in many other jurisdictions. As newly developed vaccines, not all of the side effects are currently known. A substantial proportion of the population may choose to "wait and see" before getting vaccinated, which could prolong the effects of COVID-19. In addition, certain vaccines were initially found to be about 95 percent effective, however, the vaccines appear to have reduced efficacy against certain existing and emerging variants of COVID-19, and emerging variants may be more transmissible or deadly than existing variants of COVID-19. It is expected that many countries will continue to encounter issues with respect to the distribution, uptake and efficacy of COVID-19 vaccines and treatments. There can be no assurance on the continuing effects of COVID-19 on the economy generally or its effect on the Clients and their ability to achieve the investment objectives.

Weather and Climatological Risks

As consensus builds that global warming is a significant threat, initiatives seeking to address climate change through regulation of greenhouse gas emissions have been adopted by, are pending or have been proposed before international, federal, state, and regional regulatory authorities. Climate change may cause more extreme weather conditions and increased volatility in seasonal temperatures, which can interfere with operations and increase operating costs, and damage resulting from extreme weather may not be fully insured. Many industries (e.g., electrical power, mining, manufacturing, transportation, and insurance) face various climate change risks, many of which could conceivably materially impact them. Such risks include

(i) regulatory/litigation risk (e.g., changing legal requirements that could result in increased permitting and compliance costs, changes in business operations, the discontinuance of certain operations, and related litigation), (ii) market risk (e.g., declining market for products and services seen as greenhouse gas intensive); and (iii) physical risk (e.g., risks to plants or property owned, operated or insured by a company posed by rising sea levels, increased frequency or severity of storms, drought, and other physical occurrences attributable to climate change). These risks could result in unanticipated delays or expenses and, under certain circumstances, could prevent completion of investment activities once undertaken, any of which could have an adverse effect on a Client.

Political Activities

A Client's portfolio investment may, in the ordinary course of its business, make political contributions to elected officials, candidates for elected office or political organizations, hire lobbyists or engage in other permissible political activities in the U.S. and/or non-U.S. jurisdictions with the intent of furthering its business interests or otherwise. A Client's investments are generally not considered affiliates of NMFA (and in some cases are not controlled by NMFA), and therefore such activities are not subject to relevant policies of NMFA and may be undertaken by a portfolio company without the knowledge or direction of NMFA. In other circumstances, there may be initiatives where such activities are coordinated by NMFA for the benefit of certain portfolio companies. The interests advanced by a portfolio company through such activities may, in certain circumstances, not align with or be adverse to the interests of other portfolio companies, a Client and/or investors. The costs of such activities may be allocated among those portfolio investments (and borne indirectly by the investors). While the costs of such activities will typically be borne by the portfolio companies undertaking such activities, such activities may also directly or indirectly benefit other portfolio companies, other Clients and/or NMFA. There can be no assurance that any such activities will be successful in advancing the interests of a portfolio company or otherwise benefit such portfolio company or a Client.

Trade Policy

Some political leaders around the world (including in the U.S. and certain European nations) have 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. Other countries, including Mexico, have threatened retaliatory tariffs on certain 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 financial performance of the Clients and their investments.

Recent Developments in the Banking Sector.

Recent bank closures in the United States have caused uncertainty for financial services companies and fear of instability in the global financial system generally. In addition, certain financial institutions – in particular smaller and/or regional banks – have experienced volatile stock prices and significant losses in their equity value, and there is concern that depositors at these institutions have withdrawn, or may withdraw in the future, significant sums from their accounts at these institutions. Notwithstanding intervention by U.S. governmental agencies to protect the uninsured depositors of banks that have recently closed, there is no guarantee that the uninsured depositors of a financial institution that closes (which depositors could include the Fund and/or its portfolio companies) will be made whole or, even if made whole, that such deposits will

become available for withdrawal in short order. There is a risk that other banks, or other financial institutions, may be similarly impacted, and it is uncertain what steps (if any) regulators may take in such circumstances. As a consequence, for example, the Fund and/or its portfolio companies may be delayed or prevented from accessing money, making any required payments under their own debt or other contractual obligations or pursuing key strategic initiatives, and limited partners may be impacted in their ability to honor capital calls and/or receive distributions. In addition, such bank failures or instability could affect, in certain circumstances, the ability of both affiliated and unaffiliated joint venture partners, co-lenders, syndicate lenders or other parties to undertake and/or execute transactions with the Fund, which in turn may result in fewer investment opportunities being made available to the Fund, result in shortfalls or defaults under existing investments, or impact the Fund's ability to provide additional follow-on support to Portfolio Companies. In addition, in the event that a financial institution that provides credit facilities and/or other financing to a Fund or its portfolio companies closes or experiences distress, there can be no assurance that such bank will honor its obligations or that the Fund or such portfolio company will be able to secure replacement financing or capabilities at all or on similar terms. There can be no assurances that the Fund or its portfolio companies will establish banking relationships with multiple financial institutions, and the Fund and its portfolio companies are expected to be subject to contractual obligations to maintain all or a portion of their respective assets with a particular bank (including, without limitation, in connection with a credit facility or other financing transaction). Uncertainty caused by recent bank failures – and general concern regarding the financial health and outlook for other financial institutions – could have an overall negative effect on banking systems and financial markets generally. These recent developments may also have other implications for broader economic and monetary policy, including interest rate policy. For the foregoing reasons, there can be no assurances that conditions in the banking sector and in global financial markets will not worsen and/or adversely affect the Fund, its portfolio companies or their respective financial performance.

China National Security Law.

The Chinese government has continued to increase its control over the historically autonomous administrative region of Hong Kong. In June 2019, protests began in connection with an amendment to Hong Kong's extradition law and continued with increased size and intensity through the end of 2019 and into 2020. These protests resulted in disruptions to businesses in major business and tourist areas of Hong Kong and pushed Hong Kong's economy into a recession for the first time since the Global Financial Crisis. On June 30, 2020, the National People's Congress of China passed a national security law (the "National Security Law"), which criminalizes certain offenses including secession, subversion of the Chinese government, terrorism and collusion with foreign entities. The National Security Law also applies to non-permanent residents. Although the extra-territorial reach of the National Security Law remains unclear, there is a risk that the application of the National Security Law to conduct outside Hong Kong by non-permanent residents of Hong Kong could limit the activities of or negatively affect NMFA, a Client or a Client's portfolio companies.

The National Security Law has been condemned by the United States, the United Kingdom and several EU countries. On July 14, 2020, the United States signed into law the Hong Kong Autonomy Act ("HKAA"), which introduces sanctions on foreign persons who have "materially contributed" to the Chinese government's recent actions in Hong Kong as well as on certain foreign financial institutions. Simultaneously, the United States issued an executive order declaring a national emergency with respect to the threat posed by the Chinese government's actions in Hong Kong, formally suspending or eliminating any differential treatment of Hong Kong under U.S. law, including export control law, and authorizing sanctions on persons determined to be engaged in a broad array of anti-democratic or repressive activity. The United States has also imposed sanctions on senior Chinese officials and certain employees of Chinese technology companies that it believes have contributed to the Chinese government's activities in Hong Kong, including on July 20, 2020, adding 11 new Chinese companies to the Department of Commerce's

Entity List. In mid-July the United Kingdom also suspended its extradition treaty with Hong Kong and extended its arms embargo on China to Hong Kong. Escalation of tensions resulting from the National Security Law and the response of the international community, including conflict between China and other countries like the United States and United Kingdom, protests and other government measures, as well as other economic, social or political unrest in the future, could adversely impact the security and stability of the region and may have a material adverse effect on countries in which NMFA, a Client, a Client's investments or any of their respective personnel or assets are located. In addition, any downturn in Hong Kong's economy could adversely affect the financial performance of the Clients and their portfolio companies, or could have a significant impact on the industries in which the Clients participate, and adversely affect the operations of NMFA, the Clients and the Clients' investments, including the retention of investment professionals located in Hong Kong.

Ukraine

On February 24, 2022, Russian troops began a full-scale invasion of Ukraine and, as of the date hereof, the countries remain in active armed conflict. Around the same time, the United States, the United Kingdom, the European Union, and several other nations announced a broad array of new or expanded sanctions, export controls, and other measures against Russia, Russia-backed separatist regions in Ukraine, and certain banks, companies, government officials, and other individuals in Russia and Belarus, as well as a number of Russian Oligarchs. The ongoing conflict and the rapidly evolving measures in response could be expected to have a negative impact on the economy and business activity globally (including in the countries in which the Clients invest), and therefore could adversely affect the performance of a Client's investments. The severity and duration of the conflict and its impact on global economic and market conditions are impossible to predict, and as a result, present material uncertainty and risk with respect to a Client and the performance of its investments and operations, and the ability of a Client to achieve its investment objectives. Similar risks will exist to the extent that any investments, service providers, vendors or certain other parties have material operations or assets in Russia, Ukraine, Belarus, or the immediate surrounding areas.

Terrorism Risk

The continued threat of global terrorism and the impact of military and other action will likely continue to cause volatility in the economies of certain countries and various aspects thereof, including the prices of commodities, and could affect the Clients' financial results. A Client's investments may involve significant strategic assets having a national or regional profile. The nature of these assets could expose them to a greater risk of being the subject of a terrorist attack than other assets or businesses. Any terrorist attacks that occur at or near such assets would likely cause significant harm to employees, property and, potentially, the surrounding community, and may result in losses far in excess of available insurance coverage. As a result of global events and continued terrorism concerns, insurers significantly reduced the amount of insurance coverage available for liability to persons other than employees for claims resulting from acts of terrorism, war or similar events. As a result of a terrorist attack or terrorist activities in general, the Clients may not be able to obtain insurance coverage and other endorsements at commercially reasonable prices or at all.

Governmental Interventions

Extreme volatility and illiquidity in markets has in the past led to, and can 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 Clients' strategies.

Availability of Insurance Against Certain Catastrophic Losses

With respect to investments made by the Clients, New Mountain may seek to require the underlying portfolio companies and/or project to obtain liability, fire, flood, extended coverage and rental loss insurance with insured limits and policy specifications that they believe are customary for similar investments. However, certain losses of a catastrophic nature, such as wars, natural disasters, terrorist attacks, or other similar events, may be either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Most insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums which can greatly increase the total costs of casualty insurance for investments made by the Clients. As a result, not all investments may be insured against terrorism. If a major uninsured loss occurs, the Clients could lose both invested capital in and anticipated profits from the affected investments.

Force Majeure Risk

Portfolio companies owned by the Clients may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, civil unrest, acts of God, fire, flood, earthquakes, hurricanes and other natural disasters, including extreme weather events from possible future climate change, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism and labor strikes). Some force majeure events may adversely affect the ability of a party (including a Client's portfolio companies or a counterparty to a Client or its portfolio companies) to perform its obligations until it is able to remedy the force majeure event. In addition, the cost to a Client or its portfolio companies of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Clients may invest specifically.

Pay-To-Play Laws, Regulations and Policies

In light of controversies and highly publicized incidents involving money managers, a number of states and municipal pension plans have adopted so-called "pay-to-play" laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including investments by public retirement funds. The SEC also has adopted rules that, among other things, prohibit an investment advisor from providing advisory services for compensation with respect to a government plan investor for two years after the advisor or certain of its executives or employees make a contribution to certain elected officials or candidates. If New Mountain or its employees or affiliates fail to comply with such pay-to-play laws, regulations or policies, such non-compliance could have an adverse effect on the Clients by, for example, providing the basis for the withdrawal of the affected government plan investor.

SEC Proposed Rule

In February 2022, the SEC voted to propose new rules and amendments (collectively, the "SEC Proposed Rule") to existing rules under the Advisers Act specifically related to registered advisers and their activities with respect to private funds. If enacted, the SEC Proposed Rule could have a significant impact on advisers

to private funds, including New Mountain and/or the Clients. In particular, the SEC has proposed to limit circumstances in which a fund manager can be indemnified by a private fund; increase reporting requirements by private funds to investors concerning performance, fees and expenses; require registered advisers to obtain an annual audit for private funds and also require such fund's auditor to notify the SEC upon the occurrence of certain material events; enhanced requirements, including the need to obtain a fairness opinion and make certain disclosures, in connection with adviser-led secondary transactions (also known as "GP-led" secondaries); prohibit advisers from engaging in certain practices, such as, without limitation, charging accelerated fees for unperformed services or fees and expenses associated with an examination to private fund clients and seeking reimbursement, indemnification, exculpation or otherwise limiting an adviser's liability for certain activities; and impose limitations and new disclosure requirements regarding preferential treatment of investors in private funds in side letters or other arrangements with an adviser. If adopted, including with modifications, this new SEC Proposed Rule could have a significant effect on private fund advisers, New Mountain, the Clients and their operations, including increasing compliance burdens and associated regulatory costs, reducing the ability to receive expense or indemnification reimbursements, and enhancing the risk of regulatory action, including public regulatory sanctions and may result in a change to our practices and create additional regulatory uncertainty. Further, we note that in connection with the SEC Proposed Rule, if such rule were to be enacted, it could also significantly increase the cost of insurance, specifically D&O and E&O insurance, or may even make such insurance coverage unavailable. The SEC Proposed Rule, if adopted, may result in material alterations to how New Mountain operates its business and/or the Clients, as well as New Mountain's implementation of a Client's investment strategy, and there can be no assurance that such alterations will not have a material adverse effect on New Mountain, the Clients and their investments. To the extent permitted under the Governing Document(s), the incremental costs of compliance by New Mountain and/or the Clients with any new SEC rules may be borne by the Clients, which may be significant.

CFIUS; Non-U.S. National Security Regimes

The actions of the Committee on Foreign Investment in the United States ("CFIUS"), an inter-agency committee authorized to review transactions that could result in control of a U.S. business by a foreign person, may adversely impact the prospects of a Portfolio Company in the context of mergers with, or acquisitions by, a foreign person. CFIUS may recommend that the President block transactions, or CFIUS may impose conditions on transactions, certain of which may materially and adversely affect a Client's ability to execute its investment strategy. In addition, the CFIUS process will continue to evolve. In particular, a set of reform measures known as the Foreign Investment Risk Review Modernization Act ("FIRRMA") was enacted into law, which broadens the jurisdiction of CFIUS with respect to certain investments. Such legislation could impact the ability of non-U.S. limited partners to participate in a Client's investments, which may impair a Client's ability to execute its investment strategy. FIRRMA could expand the ability of CFIUS to review a Client's acquisition or disposition of certain investments. The reforms enacted by FIRRMA will include (i) a requirement of mandatory disclosures to CFIUS of all transactions in which a foreign government owned or controlled entity proposes to acquire a substantial interest in a U.S. business active in critical infrastructure, critical technologies, or that has access to sensitive personal data of U.S. citizens, and (ii) jurisdiction for CFIUS to review any investment (other than truly passive investment) by a foreign person in the same types of companies regardless of the percentage ownership interest of the foreign person. While the precise contours of CFIUS's expanded jurisdiction will be defined by the formal regulatory rule-making process, FIRRMA will increase the number of transactions involving a Client that would be subject to CFIUS review and investigation and the timing and substantive risks described above. The outcome of CFIUS's process may be difficult to predict, and there is no guarantee that, if applicable to an investment, the decisions of CFIUS would not adversely impact a Client's investment in such entity. A Client's governing agreements contains certain provisions that may require certain limited partners to be excluded from participating in an investment, for example where their participation is at risk of jeopardizing such Client's ability to successfully acquire, hold, operate, sell,

transfer, exchange, pledge or dispose of a prospective investment in light of legal, regulatory or other similar considerations.

A Client's investments outside of the United States may also face delays, limitations, or restrictions as a result of notifications made under and/or compliance with similar legal regimes outside of the United States and related rapidly-changing agency practices. Other countries continue to establish and/or strengthen their own national security investment clearance regimes, including in response to U.S. encouragement of other countries to impose CFIUS-like regulations on foreign investment in certain sectors and assets on national security grounds, which could have a corresponding effect of limiting a Client's ability to make investments in such countries. In particular, as of April 2019, the European Union has adopted and implemented an EU-wide mechanism to screen foreign investment on national security grounds, which could impede, restrict, and/or delay a Client's investments with a nexus to the European Union. As a result of such regimes, a Client may incur significant delays and costs or be altogether prohibited from making a particular investment, all of which could adversely affect a Client's ability to meet its investment objectives. Heightened scrutiny of foreign direct investment worldwide may also make it more difficult for a Client to identify suitable buyers for investments upon exit and may constrain the universe of exit opportunities for an investment in a portfolio company. As a result, the above laws may prevent, delay, impede or restrict syndication or sale of Client assets to certain buyers.

On April 17, 2020, the India Ministry of Commerce & Industry issued Press Note 3 ("PN3") and on April 22, 2020, the India Ministry of Finance enacted an amendment to the Non-Debt Instrument ("NDI") Rules, 2020 in line with PN3, which effectively states that any foreign investment by or from an entity of any country which shares its land border with India (being the "Relevant Jurisdictions") or where the beneficial owner of an investment into India is situated in, or is a citizen of, a Relevant Jurisdiction, requires approval by the Government of India. The Relevant Jurisdictions are China (which appears to include, for these purposes, Hong Kong and Taiwan), Bangladesh, Bhutan, Afghanistan, Myanmar, Nepal and Pakistan. Further clarity is awaited from the Government of India on what would constitute beneficial owner (including clarity on what precise ownership percentages would constitute beneficial ownership).

Australia's foreign regulatory investment regime, which requires prior approval for certain inbound foreign investments, is likely to apply to any investments in Australia resulting in an increased risk that a Client's investments in Australian assets will require Australian regulatory review and approval prior to any such investment. If such review and approval are required for a investment, a Client may be required to disclose to the Australian regulatory authorities as part of the approval process the identities of limited partners whose capital commitments to such Client exceeds a certain percentage of such Client's aggregate capital commitments as well as the identities of some or all non-Australian governmental limited partners. The requirements for, and scope of, disclosure are subject to change and the Australian regulatory agencies may require the disclosure of the identities of all limited partners depending on government policy at that time and the nature of the investment, and may require the disclosure of further information about some or all limited partners than is currently expected.

As a result of such regimes, a Client may incur significant delays and costs or be altogether prohibited from making a particular investment, all of which could adversely affect a Client's ability to meet its investment objectives. Heightened scrutiny of foreign direct investment worldwide may also make it more difficult for a Client to identify suitable buyers for investments upon exit and may constrain the universe of exit opportunities for an investment in a portfolio company. As a result, the above laws may prevent, delay, impede or restrict syndication or sale of a Client's assets to certain buyers. In addition, given the lack of clarity in many of these regimes, it is possible that a Client incurs fines or fees in connection with its acquisition (or proposed acquisition) of a portfolio company in certain jurisdictions. Any such fines or fees may be considered Client expenses or capitalized as part of the acquisition price of a given investment, and in either case, such fines or fees will be borne by the applicable Client.

Economic Sanctions and Anti-Corruption Considerations

Economic sanction laws in the United States and other jurisdictions may prohibit NMFA, NMFA's professionals and the Clients from transacting with or in certain countries and with certain individuals and companies. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These entities and individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs. The lists of OFAC prohibited countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at <http://www.treas.gov/ofac>. In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions may significantly restrict the Clients' investment activities in certain emerging market countries. Other jurisdictions maintain different and/or additional economic and trade sanctions.

In some countries, there is a greater acceptance than in the United States of government involvement in commercial activities, and of corruption. NMFA and the Clients are committed to complying with the FCPA and other anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, the Clients may be adversely affected because of their unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations may make it difficult in certain circumstances for the Clients to act successfully on investment opportunities and for investments to obtain or retain business.

In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. In addition, the United Kingdom has recently significantly expanded the reach of the UK Bribery Act of 2010 (the "UK Bribery Act"), which in some ways is broader in scope than the FCPA and applies to private and public sector corruption and holds companies liable for failure to prevent bribery unless they have adequate procedures in place to prevent bribery. While NMFA has developed and implemented a stringent compliance program designed to ensure strict compliance by NMFA, its personnel and senior advisors with the FCPA and the UK Bribery Act, even reasonable compliance programs may not prevent all instances of violations. In addition, in spite of NMFA's policies and procedures, affiliates of portfolio companies, particularly in cases where the Clients does not control such portfolio company, and third-party consultants, managers and advisors may engage in activities that could result in FCPA or UK Bribery Act violations. Any determination that NMFA has violated the FCPA, the UK Bribery Act, or other applicable anti-corruption laws or anti-bribery laws could subject NMFA to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect NMFA's business prospects and/or financial position, as well as a Client's ability to achieve its investment objective and/or conduct its operations. The Clients may incur costs and expenses associated with engaging external counsel or other third-party consultants or professionals in connection with inquiries or investigations relating to FCPA or other applicable anti-corruption laws or anti-bribery laws.

Financial Services Industry Regulatory Factors

There continues to be significant discussion regarding enhancing governmental scrutiny and/or increasing the regulation of the private investment fund industry. On July 21, 2010, then-President Obama signed into law the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). A key feature of the Dodd-Frank Act is the potential extension of prudential regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve") to nonbank financial companies that are not

currently subject to such regulation but that are determined to pose risk to the U.S. financial system. The Dodd-Frank Act defines a “nonbank financial company” as a company that is predominantly engaged in activities that are financial in nature. The Financial Stability Oversight Council (the “FSOC”), an interagency body created to monitor and address systemic risk, has the authority to subject such a company to supervision and regulation by the Federal Reserve (including capital, leverage and liquidity requirements) if it determines that such company is systemically important, in that it poses a risk to the U.S. financial system. The Dodd-Frank Act does not contain any minimum size requirements for such a determination by the FSOC, and it is possible that it could be applied to private funds, particularly large, highly leveraged funds, although no such funds have been designated as systemically important by the FSOC to date.

The Dodd-Frank Act also imposes a number of restrictions on the relationship and activities of banking organizations with private equity funds and hedge funds and other provisions that affect the private equity industry, either directly or indirectly. Included in the Dodd-Frank Act is the so-called “Volcker Rule,” which takes the form of Section 13 of the U.S. Bank Holding Company Act of 1956. Among other things, the Volcker Rule (as amended by the Reform Act) prohibits any “banking entity” (generally defined as any insured depository institution, subject to certain exceptions including for depository institutions that do not have, and are not controlled by a company that has, more than \$10 billion in total consolidated assets or significant trading assets and liabilities, any company that controls such an institution, a non-U.S. bank that is treated as a bank holding company for purposes of U.S. banking law, and any affiliate or subsidiary of the foregoing entities), as principal, from sponsoring or acquiring or retaining an ownership interest in a private equity fund or hedge fund that is not subject to the provisions of the Company Act in reliance upon either Section 3(c)(1) or Section 3(c)(7) of the Company Act, to avoid being treated as “investment companies” under the Company Act. The Volcker Rule also requires certain nonbank financial companies that have been designated as systemically important by the FSOC and subject to supervision by the Federal Reserve (as discussed above) to comply with additional capital requirements and comply with certain other quantitative limits on such activities, although such entities are not expressly prohibited from engaging in proprietary trading or sponsoring or investing in such funds. Potential investors that are “banking entities” should consult their bank regulatory counsel prior to making an investment. The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the private equity industry generally and/or on NMFA or the Clients, specifically. Therefore, there can be no assurance that any continued regulatory scrutiny or initiatives will not have an adverse impact on NMFA or otherwise impede the Clients’ activities.

The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the private equity industry generally and/or on NMFA or the Clients, specifically. For example, on May 24, 2018, the Economic Growth, Regulatory Relief and Consumer Protection Act (the “Reform Act”) was signed into law. Among other regulatory changes, the Reform Act amends various sections of the Dodd-Frank Act, including by modifying the so-called “Volcker Rule” to exempt depository institutions that do not have, and are not controlled by a company that has, more than \$10 billion in total consolidated assets and significant trading assets and liabilities. In July 2019, U.S. federal regulatory agencies adopted amendments to the Volcker Rule regulations to implement the Volcker Rule amendments included in the Reform Act, and also in 2019 such U.S. federal regulatory agencies adopted certain targeted amendments to the Volcker Rule regulations to simplify and tailor certain compliance requirements relating to the Volcker Rule. In June 2020, U.S. federal regulatory agencies adopted additional revisions to the Volcker Rule’s current restrictions on banking entities sponsoring and investing in certain covered hedge funds and private equity funds, including by adopting new exemptions allowing banking entities to sponsor and invest without limit in credit funds, venture capital funds, customer facilitation vehicles and family wealth management vehicles (the “Covered Fund Amendments”). The Covered Fund Amendments also loosen certain other restrictions on extraterritorial fund activities and direct parallel or co-investments made alongside covered funds. The Covered Fund Amendments are expected therefore to expand the ability of banking entities to invest in and sponsor private funds. The ultimate consequences of the Reform Act and these regulatory developments on

the Clients and their activities remain uncertain. Therefore, there can be no assurance that any continued regulatory scrutiny or initiatives will not have an adverse impact on NMFA, or otherwise impede, the Clients' activities.

Financial Market Fluctuations

General fluctuations in the market prices of securities may affect the value of the portfolio investments held by a Client. Instability in the securities markets may also increase the risks inherent in a Client's portfolio investments. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise.

Market Volatility

The public markets are currently experiencing significant volatility and many observers believe a global economic downturn or recession is possible. The extent and duration of such environment, to the private equity industry and global markets as a whole, is currently unknown. For this reason, valuations in this environment are subject to heightened uncertainty and subject to numerous subjective judgments, any or all of which could turn out to be incorrect with the benefit of hindsight. Furthermore, traditional valuation approaches that have been used historically may need to be modified in order to effectively capture fair value of private investments in the midst of significant volatility or market dislocation.

Inflation

The U.S. and other developed economies have recently begun to experience higher-than-normal inflation rates. It remains uncertain whether substantial inflation in the U.S. and other developed economies will be sustained over an extended period of time or have a significant effect on the U.S. or other economies. Inflation may affect a Client's investments adversely in a number of ways. During periods of rising inflation, interest and dividend rates of any instruments a Client or entities related to investments may have issued could increase, which would tend to reduce returns to investors in a Client. Inflationary expectations or periods of rising inflation could also be accompanied by the rising prices of commodities which are critical to the operation of portfolio companies. Portfolio companies may have fixed income streams and, therefore, be unable to pay higher dividends. The market value of such investments may decline in value in times of higher inflation rates. Some of a Client's investments may have income linked to inflation through contractual rights or other means. However, as inflation may affect both income and expenses, any increase in income may not be sufficient to cover increases in expenses. Governmental efforts to curb inflation often have negative effects on the level of economic activity. In an attempt to stabilize inflation, certain countries have imposed wage and price controls at times. Past governmental efforts to curb inflation have also involved more drastic economic measures that have had a materially adverse effect on the level of economic activity in the countries where such measures were employed. Certain countries, including the U.S., have recently seen increased levels of inflation and there can be no assurance that continued and more wide-spread inflation will not become a serious problem in the future and have an adverse impact on a Client's returns. There can be no assurance that continued and more wide-spread inflation in the U.S. and/or other economies will not become a serious problem in the future and have a material adverse impact on a Client's returns.

Regional Risk; Interdependence of Markets

Economic problems in a single country are increasingly affecting other markets and economies. A continuation of this trend could lead to local economic problems increasingly having an adverse effect on regional and even global economic conditions and markets. The market and the economy of a particular country in which a Client invests is influenced by economic and market conditions in other countries in the

same region or elsewhere in the world. Similarly, concerns about the fiscal stability and growth prospects of certain European countries in the last economic downturn had a negative impact on most economies of the Eurozone and global markets. A repeat of either of these crises or the occurrence of similar crises in the future could cause increased volatility in the economies and financial markets of countries throughout a region, or even globally.

Cayman Islands Regulatory Oversight

Certain investment vehicles which may be related to the Clients and established in the Cayman Islands and most alternative vehicles and intermediate entities of the Clients established in the Cayman Islands, are or will be required to register and be regulated as a private fund under the Private Funds Law, 2020 (the "Private Funds Law") of the Cayman Islands. Once registered, the Cayman Islands Monetary Authority (the "Authority") will have supervisory and enforcement powers to ensure any such vehicle's compliance with the Private Funds Law. The Authority may take certain actions if it is satisfied that a regulated private fund is or is likely to become unable to meet its obligations as they become due, or is carrying on business fraudulently or otherwise in a manner detrimental to the public interest or to the interests of its investors or creditors, or is carrying on or is attempting to carry on business or is winding up of its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Authority include the power to require the substitution of the general partner of such vehicle, to appoint a person to advise such vehicle on the proper conduct of its affairs or to appoint a person to assume control of the affairs of such vehicle. There are other remedies available to the Authority including the ability to apply to court for approval of other actions.

Risks Associated with the European Union

Following the credit crisis of 2007, the economies of certain Eurozone countries have suffered high unemployment, low or stagnant economic growth, a decline in the real value of living wages, large current account deficits, lack of competitiveness, high government borrowing relative to GDP, and higher interest rates on government bonds - reflecting a perceived risk of being unable to meet future financial obligations. While the devaluation of a nation's currency would be expected to stimulate competitiveness, reduce unemployment, increase GDP and ultimately raise taxes to reduce a budget deficit, it is not within the control of individual Eurozone countries to devalue the Euro. Without reasonable prospects for growth, and the inability to devalue their national currency, some Eurozone countries have, or have been forced to, reduce public spending on the one hand, which has resulted in lower growth, higher unemployment and lower tax revenues, while at the same time attempting to introduce structural reforms to improve competitiveness over the longer term. Without the means to stimulate economic growth through currency devaluation, critics of the single currency question the suitability of the Euro to function in the diverse economies of the Eurozone and, if a single currency is unsuitable, the risk of the re-introduction of individual currencies in one or more Eurozone countries, or, in more extreme circumstances, the possible dissolution of the Euro entirely. A particularly high level of government debt may be unsustainable for a country that has, and continues to endure, weak economic growth, high unemployment and has yet to implement or benefit from long-term economic reforms. A default on sovereign debt, although now a more remote risk than after the crisis, could have a material impact on economic conditions and market activity in the Eurozone and elsewhere in the European Union ("EU"). For example, default by a participating member state could result in, or contribute to, the defaulting member state ceasing to use the Euro as its national currency, or even provide a stimulus for one or more member states to withdraw from EU membership—any of which would likely have an adverse impact on a Client. Moreover, any structural instability of the Eurozone would likely have negative implications for the global economy. A potential effect would be an immediate reduction of liquidity for particular investments in economically connected countries, thereby impairing the value of such investments. Volatility in the global credit markets may make it more difficult for issuers and borrowers to obtain favorable financing or refinancing arrangements

that may be needed to execute a Client's investment strategy. Uncertainty in the Eurozone could have an adverse effect on a Client by affecting the performance of its investments and its ability to fulfill its investment objectives.

United Kingdom (the "UK") Withdrawal from the European Union

On January 31, 2020, the UK formally left the EU and entered into a transition period during which EU law continued to apply in the UK. This transition period expired on December 31, 2020, and EU law no longer applies in the UK. However, the UK and EU agreed an EU-UK Trade and Cooperation Agreement ("TCA") that has governed their trading relationship since January 1, 2021. Broadly, the TCA provides for zero tariffs and zero quotas on all goods that comply with appropriate rules of origin, but is subject to both parties maintaining a level playing field in areas such as environmental protection, social and labor rights, investment, competition, state aid and tax transparency.

The TCA does not provide for continued access by UK firms to the EU single market (the "Single Market"), adversely affecting financial service firms, although there is the possibility that, in time, the UK may obtain a recognition of equivalence from the EU in certain financial sectors, which would enable varying degrees of access to the EU market. Similarly, notwithstanding zero tariffs and zero quotas on goods, market access for those firms that conduct cross-border trade in goods will fall below what the Single Market previously allowed.

Non-tariff barriers, customs declarations, customs checks, restrictions on movements of employees, withdrawal of recognition of previously recognized professional qualifications, changes in the status of the UK vis-à-vis the EU for tax and VAT purposes, and other sources of friction have the potential to impair the profitability of a business, require it to adapt, or even relocate to operate through an establishment in the EU. Understanding and preparing for these new arrangements may result in increased operational and compliance burdens for a Client.

It will continue to take some time to observe the many and varied effects on UK and EEA businesses and asset value in those regions of the consequences of the UK leaving the Single Market and customs union (taking into account the flow of goods and services in both directions). Given the size and global significance of the UK's economy, uncertainty, at least in the near term, about the effect of the TCA on the day-to-day operations of those businesses that engage in the cross-border trade of goods or services between member states of the EU and the UK may be a continued source of currency fluctuations or have other adverse effects on international markets, international trade and other cross-border cooperation arrangements.

Investors should also be aware of the ongoing disagreements between the UK government and the EU regarding the Northern Ireland Protocol ("NIP"). The NIP is part of the arrangements put in place as part of the TCA to address cross-border trade in goods between Great Britain, Northern Ireland and the EU. The UK government has subsequently raised concerns as to the manner in which the NIP has been interpreted and implemented and has indicated it may take action to suspend and/or override aspects of the NIP. The European Commission has stated it would take retaliatory measures in response to UK government actions.

The present uncertainty could, therefore, adversely affect a Client, the performance of its investments and its ability to fulfil its investment objectives (especially if its investments include, or expose it to, businesses that have historically relied on access to the Single Market for their customers or that have historically relied on sourcing goods, materials or labor from the Single Market). In particular, the continued uncertainty may adversely impact portfolio companies with operations in or doing business in, or having services or other significant relationships in or with, the UK or the EEA, including with respect to

opportunity, tax treatment, pricing, regulation, value or exit.

Systems and Operational Risks Generally

The Private Credit Clients depend on NMFA to develop and implement appropriate systems for the Private Credit Clients' activities. The Private Credit Clients rely heavily and on a daily basis on financial, accounting and other data processing systems to evaluate certain investments, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of the Private Credit Clients' activities. In addition, the Private Credit Clients rely on information systems to store sensitive information about the Private Credit Clients, NMFA, their affiliates and the Limited Partners. Certain of the Private Credit Client's and NMFA's activities will be dependent upon systems operated by third parties, market counterparties and other Service Providers, and NMFA might not be in a position to verify the risks or reliability of such third-party systems. Disruptions in a Private Credit Client's operations could cause the Private Credit Clients to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on the Private Credit Clients and the investors' interests therein.

Litigation

In connection with ordinary course investing activities, NMFA and/or a Client, as well as investments of a Client, may become involved in litigation, including as a party or non-party or in a governmental and/or regulatory inquiries, investigations and/or proceedings either as a plaintiff or defendant. There can be no assurance that any such litigation, once begun, would be resolved in favor of NMFA, and/or a Client and/or such portfolio company (as applicable). Any such litigation could be prolonged and expensive. In addition, it is by no means unusual for participants in reorganizations, take-privates or other transactions to use the threat of, as well as actual, litigation as a negotiating technique. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments generally would be borne by such Client and would reduce net assets or could require investors to return to such Client distributed capital and earnings. In addition, from time to time past or current partners, members, employees and managers of NMFA may disagree with NMFA and/or its management over terms related to separation or other issues. If not resolved, such disputes could lead to litigation or arbitration, which could be costly, distracting and/or time consuming for NMFA.

Misconduct of Employees and of Third-Party Service Providers

There have been a number of highly publicized cases involving fraud or other misconduct by employees in the financial services industry in recent years, and there is a risk that employee misconduct could occur with respect to a Client. Misconduct by employees or by third-party service providers could cause significant losses to a Client. Employee misconduct may include binding a Client to transactions that exceed authorized limits or present unacceptable risks and other unauthorized activities or concealing unsuccessful trading investments (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third-party service providers, including, without limitation, failing to recognize trades, misappropriating assets or a failure of a custodian that holds securities of a Client. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting a Client's business prospects or future marketing activities. It is not always possible to deter misconduct by employees or service providers, and the precautions NMFA takes to detect and prevent this activity may not be effective in all cases. No assurances can be given that the due diligence performed by NMFA will identify or prevent any such misconduct.

Expedited Transactions

Investment analyses and decisions by NMFA may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to NMFA at the time of making an investment decision may be limited, and NMFA may not have access to the detailed information necessary for a full evaluation of the investment opportunity. In addition, NMFA may rely upon independent consultants or attorneys in connection with their evaluation of proposed investments. There can be no assurance that these consultants will accurately evaluate such investments. Therefore, no assurance can be given that NMFA will have knowledge of all circumstances that may adversely affect an investment at the time the investment decision is made, and a Client may make investments which it would not have made if more extensive due diligence had been undertaken.

Material, Non-Public Information

By reason of their responsibilities in connection with their other activities, certain NMFA personnel or Senior Advisors (or employees and affiliates thereof) will acquire confidential or material nonpublic information or be restricted from initiating transactions in certain securities. In those instances, the Clients are not free to act upon any such information. Due to these restrictions, a Client may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell a portfolio investment that it otherwise might have sold. Conversely, a Client may not have access to material non-public information in the possession of NMFA which might be relevant to an investment decision to be made by a Client, and a Client may initiate a transaction or sell a portfolio investment which, if such information had been known to it, may not have been undertaken.

Data

NMFA receives or obtains various kinds of data and information from the Clients, their portfolio companies, and, at their election, certain investors in the Clients and service providers, including but not limited to data and information relating to or created in connection with business operations, financial results, trends, budgets, plans, suppliers, customers, employees, contractors, environmental, social, and governance (“ESG”), carbon emissions and other metrics, some of which is sometimes referred to as alternative data or “big data.” NMFA can be expected to be better able to anticipate macroeconomic and other trends, and otherwise develop investment themes or identify specific investment, trading, or business opportunities, as a result of its access to (and rights regarding) this data and information from the Clients, their portfolio companies, and, at their election, certain investors. NMFA has entered and will continue to enter into information sharing and use, measurement and other arrangements, which will give NMFA access to (and rights regarding, including ownership and distribution rights over) data that it would not otherwise obtain in the ordinary course, with the Clients, their portfolio companies, and, at their election, certain investors, related parties and service providers. Although NMFA believes that these activities improve NMFA’s investment management and other business activities on behalf of the Clients, information obtained from a Client and its investments, and, at their election, certain investors, also provides material benefits to NMFA, other Clients or portfolio companies of such other Clients, typically without compensation or other benefit accruing to such Client, or portfolio companies of such Client. For example, information from a portfolio company owned by a Client can be expected to enable NMFA to better understand a particular industry and execute trading and investment strategies in reliance on that understanding for NMFA and other Clients that do not own an interest in the portfolio company, typically without compensation or benefit to the Client or its portfolio companies. Further, data is expected to be aggregated across the Clients and their respective Portfolio Companies. NMFA is expected to serve as the repository for data described in this paragraph, including with ownership and distribution rights therein.

Furthermore, except for contractual obligations to third parties to maintain confidentiality of certain information, and regulatory limitations on the use of material nonpublic information, NMFA is generally free to use and distribute data from the Clients’ activities to assist in the pursuit of NMFA’s various other

activities, including but not limited to trading activities for the benefit of NMFA or an other Client. For example, NMFA's ability to trade in securities of an issuer relating to a specific industry may, subject to applicable law, be enhanced by information of a portfolio company in the same or related industry. Such trading or other business activities can be expected to provide a material benefit to NMFA without compensation or other benefit to a Client or its investors.

Cybersecurity Risk

The Clients depend on NMFA to develop or procure and utilize appropriate systems for the Clients' activities, and NMFA and the Clients depend heavily upon computer systems to perform necessary business functions. NMFA's information and technology systems and those of companies on which the Clients rely and in which the Clients invest are, just as with other companies, vulnerable to potential damage or interruption from cyber-attacks (such as computer viruses, malicious software, infiltration or tampering by unauthorized persons, ransomware demands and denial of service attacks), security breaches (such as physical and electronic break-ins), network failures, computer and telecommunication failures, ransomware demands, denial of service attacks, usage errors by their respective professionals, power outages, and catastrophic events such as fires, tornadoes, floods, hurricanes, and earthquakes. Although NMFA has implemented, and portfolio companies (where applicable) likely will have implemented, various measures to manage risks relating to these types of events, if important systems are compromised, become inoperable for extended periods of time or cease to function properly, it likely would be necessary for NMFA, the affected Clients and/or a portfolio company to make a significant investment to fix or replace them. Portfolio investments may be invested in or otherwise involved with involve companies that have experienced cybersecurity events and that, given the rise of cybersecurity incidents, may become involved in future cybersecurity events. Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future (including as a consequence of the COVID-19 pandemic and the increased frequency of virtual working arrangements). The failure or inadequacy of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in NMFA's, a Client's and/or a portfolio company's operations and result in a failure to maintain capabilities essential to a Client's operations and / or the security, confidentiality, and privacy of proprietary or sensitive data, and information (including personal information of investors and their personnel and beneficial owners) that is processed and stored in, and transmitted through, the computer systems and networks of NMFA, such Client, any third parties on which such Client relies or their downstream vendors. Such a failure could harm NMFA's, the affected Client's and/or a portfolio company's reputation, subject any such entity and their respective affiliates to legal claims, and otherwise affect their business and financial performance. If a significant number of NMFA's personnel were to be unavailable in the event of a disaster, NMFA's ability to effectively conduct a Client's business could be severely compromised. In addition, there are increased risks relating to NMFA's reliance on its computer programs and systems if NMFA's personnel are required to work remotely for extended periods of time as a result of events such as an outbreak of infectious disease or other adverse public health developments (such as have persisted during the COVID-19 pandemic) or natural disasters, including an increased risk of cyber-attacks and unauthorized access to NMFA's computer systems.

NMFA's service providers are subject to the same electronic information security threats as NMFA. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to a Client, including information normally made available to investors, may become inaccessible and personally identifiable information of the investors may be lost or improperly accessed, used or disclosed. Notwithstanding the diligence that NMFA performs on its service providers, NMFA often is not in a position to verify the risks or reliability of their respective information technology systems.

The loss or improper access, use or disclosure of NMFA's or a Client's proprietary information may cause

NMFA or such Client to suffer, among other things, financial loss, the disruption of their business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a negative effect on a Client.

Risks Relating to the Structure of the Private Credit Clients

Significant Fees and Expenses

The fees and expenses of the Private Credit Clients, as described in Item 5, above, can be significant. Each Private Credit Client must generate sufficient income to offset such fees and expenses to avoid a decrease in its net asset value.

Absence of Regulatory Oversight Over the Fund

The Private Credit Clients and the interests they issue are not expected to be registered under the securities laws of any country. In particular, the Private Credit Clients are not, and will not be registered as investment companies under the 1940 Act, and, therefore, will not be required to adhere to the restrictions and requirements under the 1940 Act. Accordingly, the provisions of the 1940 Act (which, among other things, require investment companies to have a majority of disinterested directors, require securities to be held in custody by a bank or broker in accordance with rules requiring the segregation of securities, prohibit investment companies from engaging in certain transactions with their affiliates and regulate the relationship between advisers and investment companies) are not applicable. As noted above, the Regulated Funds have elected treatment as BDCs under the 1940 Act. As such, they are subject to some, but not all, of the provisions of the 1940 Act that are applicable to investment companies.

Limited Liquidity of Interests

The Private Credit Clients are intended for long-term investors who can accept the risks associated with investing primarily in securities that involve a high degree of financial risk and are potentially illiquid. There is no public market for the Interests, and no such market is expected to develop in the future. Investors cannot withdraw capital from the Private Credit Clients. Without the written consent of the Private Credit Client's general partner, which can be given or withheld in its sole discretion, an investor cannot directly, indirectly or synthetically transfer, pledge, assign, hypothecate, sell, convey, exchange, reference under a derivatives contract or any other arrangement or otherwise dispose of or encumber all or any portion of its interest in the Private Credit Client to any other person (each, a "Transfer"), except by operation of law. Any attempted Transfer not made in accordance with the foregoing, to the fullest extent permitted by applicable law, will be null and void ab initio. No transferee of an interest will be admitted as an investor unless all of the conditions set forth in the Governing Documents have been satisfied.

Access to Information

NMFA generally will not provide detailed information about a Private Credit Client's portfolio or any advance notice of anticipated changes in the composition of the Private Credit Client's portfolio. However, in response to questions and requests and in connection with due diligence meetings and other communications, a Private Credit Client or NMFA can provide additional information to certain investors and prospective investors that is not distributed to other investors and prospective investors. Such information could affect a prospective investor's decision to invest in the Private Credit Client. Each investor or prospective investor is responsible for asking such questions as it believes are necessary in order to make its own investment decisions, must decide for itself whether the limited information provided by NMFA and the Private Credit Client is sufficient for its needs and must accept the foregoing risks. Information provided by NMFA to an investor or prospective investor does not constitute advice about a

Private Credit Client or a recommendation that such person invest in the Private Credit Client.

Governmental Entity Investors

Governmental entities, including, but not limited to, pension plans maintained by governmental agencies and instrumentalities, will from time to time invest in the Clients. Such investors are often subject to laws that affect the applicability or enforcement of certain terms generally governing the Clients. For example, exculpation, indemnification, confidentiality, choice of law and choice of venue provisions could be applied differently with respect to such investors. In addition, investment in the Clients by certain governmental entities could subject the Clients and/or NMFA to increased regulatory burdens and public disclosures about the Clients, their investors and its activities. As a result, an investment in a Client by governmental entities could impact the operations of the Clients.

In-Kind Distributions

Investors could receive securities in lieu of, or in combination with, cash. Such distributions can include interests in one or more special purpose vehicles holding securities owned by a Private Credit Client, or participations therein. To the extent an investor is distributed interests in special purpose vehicles, the investor will continue to be at risk with respect to the Private Credit Client's business. The value of the securities distributed in kind could increase or decrease before they are sold either by the investor, if received directly, or by NMFA or its affiliates, if held through a special purpose vehicle. In either case, the investor will bear transaction costs in connection with the sale of any such securities and, in the case of interests in a special purpose vehicle, will bear a proportionate share of the operating and other expenses borne by such vehicle. Securities distributed in kind often are not readily marketable. The risk of loss and delay in liquidating these securities will be borne by the investor, with the result that such investor could ultimately receive less cash than it would have received if it had been paid in cash. Furthermore, to the extent that an investor receives interests in special purpose vehicles, such investor will generally have no voting rights or any control over when and at what price the securities in which such vehicles have an interest are sold.

Rebalancing Investments Among related entities of a Private Credit Client

As described in each Private Credit Client's governing documents, in order to allow the various related entities of a Private Credit Client (e.g., an onshore fund, offshore fund and/or other parallel funds) to generally invest in the same investments, in proportion to the capital committed to each related entity, interests in investments can be transferred among the related entities (or their subsidiaries). Each prospective investor should consult with its tax advisor regarding the U.S. Federal, state, local and non-U.S. tax aspects of an investment in a Private Credit Client.

Risks Relating to the Operations and Investment Activities of the Private Credit Clients

Valuation of Assets and Liabilities

Each Client's assets and liabilities are valued in accordance with its Governing Documents and its and/or NMFA's relevant policies and procedures. The valuation of any asset or liability involves inherent uncertainty. The value of a security determined in accordance with the Governing Documents and these policies and procedures could differ materially from the value that might have been realized in an actual sale or transfer for a variety of reasons, including the timing of the transaction and liquidity in the market. Uncertainties as to the valuation of portfolio positions could have an impact on the net asset value of the Clients if the judgments of the administrator regarding the appropriate valuation should prove to be incorrect.

GAAP Net Asset Value Divergence

Due to GAAP requirements, the net asset value of a Private Credit Client for purposes of GAAP-compliant financial reporting could diverge from its net asset value for all other purposes, including, without limitation, for purposes of allocating gains and losses among the investors.

Counterparty Risk

The Clients expect to establish relationships to obtain financing and other services. However, there can be no assurance that the Clients will be able to establish or maintain such relationships. An inability to establish or maintain such relationships, or to obtain them on favorable terms, could limit the Clients' investment activities, create losses, preclude the Clients from engaging in certain transactions or prevent the Clients from trading at optimal rates and terms.

Competition; Availability of Investments

Certain markets in which the Private Credit Clients invest are extremely competitive for attractive investment opportunities. As a result, there can be no assurance that NMFA will be able to identify or successfully pursue attractive investment opportunities in such environments. Competition for suitable investments from a broad spectrum of competitors, including other pooled investment vehicles, commercial and investment banks, commercial financing companies, insurance companies and high-yield investors, some of which could be willing to lend money on terms more favorable to borrowers, can reduce the availability of investment opportunities or alter the terms on which the Private Credit Clients are able to invest, making it difficult for the Private Credit Clients to capitalize on investment opportunities or to originate or purchase investments at the Private Credit Clients' initial projected risk-adjusted returns. For example, such competing lenders could have a lower cost of funds and access to funding sources that are not available to the Private Credit Clients. In addition, some competitors could have higher risk tolerances or make different risk assessments, which could allow them to consider a wider variety of investments and establish more (or more favorable) relationships than the Private Credit Clients. The Private Credit Clients could also choose not to compete for investment opportunities based on interest rates. Ultimately, increased competition for, or a diminution in the available supply of, qualifying borrowers can result in lower yields on loans to such borrowers, which could reduce returns to the Private Credit Clients. There can be no assurance that NMFA will be able to identify or successfully pursue attractive investment opportunities for the Private Credit Clients.

Credit Ratings

In general, the credit rating assigned by a nationally recognized rating agency to a security represents such rating agency's opinion of the safety of the principal and interest payments of the rated instrument based on available information. Such ratings are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of such securities. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. Further, credit ratings will often change over time due to various factors, including changes in the creditworthiness of the issuer and/or changes in the rating agency's analytics and processes. Conversely, it is possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events and, as a result, outstanding ratings might not reflect the issuer's current credit standing. A Clients could incur losses if NMFA determines to make investments based on credit ratings that subsequently change in a way not favorable to the Client's investment objective.

Co-Investments with Third Parties

A Private Credit Client can co-invest with third parties through joint ventures or other entities. Third-party involvement with an investment could negatively impact the returns of such investment if, for example, the third-party co-venturer has financial difficulties, has economic or business interests or goals that are inconsistent with those of the Private Credit Client or is in a position to take (or block) action in a manner contrary to the Private Credit Client's investment objectives or financial interests. In circumstances where such third parties involve a management group, such third parties could enter into compensation arrangements relating to such investments, including incentive compensation arrangements. Such compensation arrangements will reduce the returns to participants in the investments, including the Private Credit Client.

Risks Relating to Investment Strategies of Private Credit Clients

Loan Origination

The Private Credit Clients can participate (through one or more subsidiaries) in certain loan origination activities. If a Private Credit Client is unable to sell, assign or successfully close transactions for participations in the loans that it originates, the Private Credit Client will be forced to hold (indirectly) its excess interest in such loans for an indeterminate period of time. The risk of failure to close participations can be increased in times of market uncertainty and volatility.

Diversification and Concentration

NMFA could select investments that are concentrated in a limited number or types of investments. In addition, a Private Credit Client's portfolio could be or become significantly concentrated in investments related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification can result in the concentration of risk, which, in turn, could expose a Private Credit Client to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities.

One or more subsidiaries of a Private Credit Client could offer to Other Accounts (as defined below) and could also offer to third parties, participations in and/or assignments or sales of loans (or interests therein) that the subsidiaries have originated or purchased. In the event of such an offer, the price of the participation, assignment or sale will be based on the fair value of such loans. Further, the decision by such Other Accounts to accept or reject the offer will be made by a party independent of NMFA, such as a loan acquisition committee. In determining the target amount to allocate to a particular loan origination, NMFA will take into consideration the fact that it could be selling, assigning or offering participations in such investment to Other Accounts and third parties as described above. If NMFA is not successful in selling such participations, assignments or sales, the relevant subsidiary will be forced to hold such excess until such time as it can be disposed. This could result in a Private Credit Client being "overweighted" with respect to a particular borrower.

Licensing Requirements

Certain Federal and local banking and regulatory bodies or agencies in or outside the United States could require Private Credit Client (and/or a subsidiary), its general partner, NMFA and/or certain employees of NMFA to obtain licenses or authorizations to engage in many types of lending activities including, without limitation, the origination of loans. It can take a significant amount of time and expense to obtain such licenses or authorizations and the Private Credit Client could be required to bear the cost of obtaining such licenses and authorizations. There can be no assurance that any such licenses or authorizations would be granted or, if granted, whether any such licenses or authorizations would impose restrictions on the Private Credit Client that adversely impacts the Private Credit Client's business or operations. In some cases, a

license requires the disclosure of confidential information about the Private Credit Client, its investors or their respective affiliates, including financial information and/or information regarding officers and directors or the general partner of certain significant investors. The Private Credit Clients might not be willing or able to comply with these requirements. Alternatively, NMFA could be compelled to structure certain potential investments in a manner that would not require such licenses and authorizations, although such transactions might be less efficient or otherwise disadvantageous for the Private Credit Client and/or any relevant portfolio company relative to what could have been the case had such licensing been obtained. The inability of a Private Credit Client, its general partner, or NMFA to obtain necessary licenses or authorizations, the structuring of an investment in an less efficient or advantageous manner, or changes in licensing regulations, could adversely affect the Private Credit Client's ability to implement its investment program and achieve its intended results.

Lack of Control

The Clients can invest in debt instruments of companies that it does not control, whether through market transactions or through purchases of securities directly from the issuer or other shareholders. Such securities will be subject to the risk that the issuer makes business, financial or management decisions with which the Clients does not agree or that the majority stakeholders or the management of the issuer take risks or otherwise act in a manner that does not serve the Client's interests. The occurrence of any of the foregoing could have a material adverse effect on the Clients and their investors' interests therein.

Follow-On Investments

From time to time, a Client will have the opportunity to invest in additional loans issued to, or make additional investments in the debt instruments of, companies in which the Client already has an investment. However, for a variety of reasons, there can be no guarantee that such "follow-on" investments will be consummated. In some cases, NMFA will determine not to make a follow-on investment because, among other reasons and by way of example, the Client lack sufficient funds to do so or NMFA does not want to increase the concentration of the Private Credit Client's investments. Declining to invest in such additional loans or make further investments could impair the value of such underlying company and, in turn, the value of the Client's existing interests in loans or debt instruments of the company.

General Credit Risks

Although the Clients intend primarily to make loans (through its subsidiaries) and invest in other debt instruments or obligations secured by collateral and intends to focus on high quality businesses, the Clients can be exposed to losses (up to the entire amount invested) resulting from default and foreclosure of any such loans or interests in loans in which it has invested. Therefore, the value of underlying collateral, the creditworthiness of borrowers and the priority of liens are each of great importance in determining the value of the Clients' investments. No guarantee can be made regarding the adequacy of the protection of the Clients' security in the loans or other debt instruments in which it invests. Moreover, in the event of foreclosure, the Clients or an affiliate thereof could assume direct ownership of any assets collateralizing such foreclosed loans. NMFA might not have particular expertise in dealing with the collateral assets and the liquidation proceeds upon the sale of such assets might not satisfy the entire outstanding balance of principal and interest on such foreclosed loans, resulting in a loss to the Private Credit Clients. Any costs or delays involved in the effectuation of loan foreclosures or liquidation of the assets collateralizing such foreclosed loans will further reduce proceeds associated therewith and, consequently, increase possible losses to the Private Credit Clients. In addition, no assurances can be made that borrowers or third parties will not assert claims in connection with foreclosure proceedings or otherwise, or that such claims will not interfere with the enforcement of the Private Credit Clients' rights.

Privately Held Companies

The Clients intend to invest primarily in privately held companies. There is generally little public information about these companies, and, as a result, the Clients rely on the ability of NMFA to obtain adequate information to evaluate the potential returns from, and risks related to, investing in these companies. If NMFA is unable to uncover all material information about these companies, NMFA might not be in a position to make a fully informed investment decision, which will impact the returns on the Clients' investments in such companies. Also, privately held companies frequently have less diverse product lines and smaller market presence than larger competitors. They are, thus, generally more vulnerable to economic downturns and uncertainty. Interests in privately held companies are also often relatively or entirely illiquid. Such companies often experience substantial variations in operating results and relatively higher risk than larger and more developed companies. These factors could adversely affect the investment returns of the Clients.

Business and Credit Risks

Investments made by the Clients will generally involve a significant degree of financial and/or business risk. The Clients expect to invest a portion of its capital in fixed-income securities, including subordinated debt, preferred securities, convertible securities, participations and other fixed-income securities and obligations. Fixed-income securities are subject to the risk that the issuer will be unable to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are also subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

Inability to Deploy Committed Capital

Delays in investing a Client's assets following a capital call or a realization can adversely impact performance on an absolute basis or relative to the performance of other investment vehicles with investment programs that are similar to the investment program of the Clients. NMFA might not be able to identify a sufficient number of investments that meet the Client's investment objectives or ensure that any investment that the Client makes will produce a positive return. As a result, the Client could be unable become fully or appropriately invested in accordance with its investment objective on acceptable terms within the time period anticipated or at all, which would reduce the returns to the Client.

Leverage and Borrowing

Leverage for Investment Purposes

The use of leverage will allow the Clients to make additional investments, thereby increasing its exposure to assets, such that its total assets can be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the Clients' portfolio. The effect of the use of leverage by the Clients in a market that moves adversely to its investments could result in substantial losses to the Clients, which would be greater than if the Private Credit Clients were not leveraged. Leverage can also increase the fees payable by, and expenses of, the Private Credit Client.

Borrowing for Cash Management Purposes

The Clients have the authority to borrow for cash management purposes. The rates at and terms on which the Clients can borrow will affect the operating results of the Clients.

Collateral and General Leverage-Related Risks

The instruments and borrowings utilized by the Clients to leverage investments could be collateralized by all or a portion of the Client's portfolio. When a borrowing is collateralized, a Client will pledge its securities or other assets in order to borrow or otherwise obtain leverage for investment or other purposes. Further, there can be no assurance that the Clients will be able to secure or maintain adequate financing.

Costs

Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs might not be recovered by the return on a Client's portfolio.

Potential Inability to Obtain Leverage

The credit markets remain volatile and the availability of, and commercially reasonable terms associated with, indebtedness could be difficult to ascertain. Because of this, there can be no assurance that the Clients will be able to obtain indebtedness or that indebtedness will be accessible by the Clients at any time. If indebtedness is available to the Clients, there can be no assurance that such indebtedness will be on terms favorable to the Clients and/or terms comparable to terms obtained by competitors, including with respect to interest rates.

Cross-Collateralization

A Client could engage in portfolio financings where several investments are cross-collateralized with other Clients and/or certain Other Accounts, pursuant to which multiple investments would be subject to the risk of loss. As a result, the Clients could lose their interests in performing investments in the event such investments are cross-collateralized with poorly performing or non-performing investments.

Risks Relating to Portfolio Companies

Portfolio Company Management

Each portfolio company's day-to-day operations will be the responsibility of such portfolio company's management team. Although NMFA will be responsible for monitoring the performance of each portfolio investment, there can be no assurance that the existing management team, or any successor, will be able to successfully operate the portfolio company in accordance with NMFA's expectations. The success of each portfolio company depends in substantial part upon the skill and expertise of each portfolio company's management team. Additionally, portfolio companies will need to attract, retain and develop executives and members of their management teams. The market for executive talent is, notwithstanding general unemployment levels or developments within a particular industry, extremely competitive. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of its management team and, as a result, the Clients can be adversely affected thereby.

Operating and Financial Risks of Portfolio Companies

Companies in which Clients invest could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, or an economic downturn. As a result, companies which NMFA expects to be stable can operate, or expect to operate, at a loss or have significant variations in operating results, can require substantial additional capital to support their operations or to maintain their competitive position, or can otherwise have a weak financial condition or be experiencing financial distress.

Risks Relating to Specific Investments by Private Credit Clients

Loans and Participations

The Private Credit Clients originate loans and otherwise will invest in loans and participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that can arise with respect to collateral securing the obligations; (iv) limitations on the ability of a Private Credit Client to directly enforce its rights with respect to participations; and (v) possible claims for the return of some or all payments in a debt made within 90 days (and in some cases, within one year) of the date of the issuer's/borrower's insolvency came under federal or state bankruptcy laws. In analyzing each loan or participation, NMFA compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Private Credit Clients. In purchasing a participation, a Private Credit Client generally will have no right to enforce compliance by the obligor with the terms of the loan or credit agreement or other instrument evidencing such loan obligation, nor any rights of set-off against the obligor, and might not directly benefit from the collateral supporting the loan obligation in which it has purchased the participation. As a result, the Private Credit Client assumes the credit risk of both the obligor and the selling institution, which would remain the legal owner of record of the applicable loan. In the event of the insolvency of the selling institution, the Private Credit Clients holding a participation could be treated as general creditors of the selling institution in respect of the participation, might not benefit from any set-off exercised by the selling institution against the obligor and could be subject to any set-off exercised by the obligor against the selling institution. Assignments and participations are typically sold strictly without recourse to the selling institution, and the selling institution will generally make no representations or warranties about the underlying loan, the portfolio companies, the terms of the loans or any collateral securing the loans. Certain loans have restrictions on assignments and participations which could negatively impact the Private Credit Clients' ability to exit from all or part of its investment in a loan.

A Private Credit Client (through one or more subsidiaries) can originate loans and can also (directly or through one or more subsidiaries) invest in loans through the secondary markets. As secondary-market trading volumes increase, new loans are frequently adopting standardized documentation to facilitate loan trading, which can improve market liquidity, but could also result in terms which are less advantageous than might otherwise be negotiated. 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 publicly traded securities, and historically the trading volume in the loan market has been small relative to other markets.

Priority of Debt Instruments and Loans

The Private Credit Clients can invest in secured debt issued by companies that have or could incur additional debt that is senior to the secured debt owned by the Private Credit Clients. 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 Private Credit Clients) 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 will be sufficient to satisfy the loan obligations secured by subordinate debt instruments. To the extent that a Private Credit Client owns secured debt that is junior to other secured debt, the Private Credit Client could lose the value of its entire investment in such secured debt.

Participation and Other Indirect Economic Interests

A portion of the assets of the Private Credit Clients can consist of participation interests or other indirect economic interests in loans or other debt obligations. In such circumstances, the Private Credit Clients will not directly own the debt obligations underlying such participation or other economic interests and/or have custody thereof. As a result, the Private Credit Clients will be exposed to the risk that the assets of the holder/custodian of any such underlying debt obligation 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 Private Credit Clients might not be able to assert any rights against borrowers of the underlying indebtedness, and could 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 a variety of reasons, including by way of example, having a limited financial interest in the outcome, having other relationships with the underlying defaulting borrowers, the threat of potential counterclaims, that could be contrary to the interests of the Private Credit Clients. The failure of such holders/custodians and financial institutions or other entities to assert their rights (on behalf of the Private Credit Clients) or the insolvency of such entities could materially adversely affect the value of the assets of the Private Credit Clients.

Loan Investments

A Private Credit Client's success in the area of loan investing will depend, in part, on its ability to purchase or otherwise acquire loans on advantageous terms. In purchasing loans, the Private Credit Clients 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.

Leveraged Loans

"Leveraged loans" are loans made to companies with a below investment-grade rating from any nationally recognized rating agency. Such loans could be performing poorly when the Private Credit Clients acquire them. There is no assurance that NMFA will correctly evaluate the value of the assets collateralizing such loans or the prospects for distribution on or repayment of such loans. A Private Credit Client could lose its entire investment, be required to accept cash, property or securities with a value less than its original investment and/or be required to accept payment over an extended period of time. If any of these were to occur, the Private Credit Client would be adversely impacted.

Hung Loans

The term "hung loan" commonly refers to a loan that has been made (or has been committed to be made), and the lender is not able to syndicate the loan on the originally anticipated terms. Hung loans are illiquid and lack readily ascertainable market values; there is no assurance that the price to be paid for hung loans by a Private Credit Client will allow the Private Credit Clients ultimately to achieve a positive return on such loans or avoid losses. Since the price of the loans to be purchased is expected to continue to be significantly impacted by, in addition to the specific circumstances relating to each loan (*e.g.*, in the case of a loan relating to a leveraged buyout ("LBO"), the financial condition of the target), global and macro-economic conditions (*e.g.*, monetary policy, changes to currency exchange rates, governmental intervention or changes to existing laws, international geo-political events, etc.) as well as other systemic factors, it is possible that loans purchased by the Private Credit Clients will suffer significant impairments in value as a result of events that are unpredictable or which were not predicted by NMFA. The Private Credit Clients could also face difficulties in disposing of or leveraging such loans, or in doing so without incurring losses. The markets in which hung loans are purchased and sold have been volatile and are likely to continue to be volatile in the future.

Bank Loans

Bank loans are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that can arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Private Credit Clients to directly enforce its rights with respect to participations. Successful claims by third parties arising from these and other risks will be borne by the Private Credit Clients.

As secondary market trading volumes increase, new loans are frequently adopting standardized documentation to facilitate loan trading, which can 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 or that the current level of liquidity will continue. 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 the high-yield debt market.

Second-Lien Loans

The Clients can invest in loans that are secured by a second-lien on assets. Second-lien loans have been a developed market for a relatively short period of time, and there is limited historical data on the performance of second-lien loans in adverse economic circumstances. In addition, second-lien loan products are subject to intercreditor arrangements with the holders of first lien indebtedness, pursuant to which the second-lien holders have waived many of the rights of a secured creditor, and some rights of unsecured creditors, including rights in bankruptcy that can materially affect recoveries. While there is broad market acceptance of some second-lien intercreditor terms, no clear market standard has developed for certain other material intercreditor terms for second-lien loan products. This variation in key intercreditor terms could result in dissimilar recoveries across otherwise similarly situated second-lien loans in insolvency or distressed situations. While uncertainty of recovery in an insolvency or distressed situation is inherent in all debt instruments, second-lien loan products carry more risks than certain other debt products. Beginning in August 2007, the market for many loan products, including second-lien loans, contracted significantly, which made virtually all leveraged loan products, particularly second-lien loan products, less liquid or illiquid. Many participants ceased underwriting and purchasing certain second-lien loan products. There can be no assurance that the market for second-lien loans will not contract similarly in the future.

Bridge Loans

It is a common practice for financial institutions to commit to providing bridge loans to facilitate acquisitions, including LBOs, where they serve as advisers to the purchaser. Bridge loans are frequently made because, for timing or market reasons, longer-term financing is not available at the time the Private Credit Clients are needed, which is often at the time of the closing of an acquisition. In the past, these commitments were not frequently drawn upon due to the availability of other sources of financing; however, due to market conditions affecting the availability of these other sources of financing (principally high-yield bond transactions), bridge loan commitments have been and could in the future be drawn upon more regularly. Since these commitments were not regularly drawn upon in the past, there is little history for investors to rely upon in evaluating investments in bridge loans. Bridge loans often have shorter maturities. Borrowers and lenders typically agree to shorter maturities based on the anticipation that the bridge loans will be replaced with other forms of financing within such shorter time period. However, the source and timing of such replacement financing is often uncertain and can be affected by, among other things, market conditions and the financial condition of the borrower at the maturity date of the bridge. If the borrower is unable to obtain replacement financing and repay the bridge loan at maturity, the terms of the bridge loan

can provide for the bridge loan to be converted to a longer-term loan. If bridge loans are not repaid (or cannot be disposed of on favorable terms) on the dates projected by NMFA, there could be an adverse effect upon the ability of NMFA to manage the assets of the Private Credit Clients in accordance with its models and projections or an adverse effect upon the Private Credit Clients' performance and ability to make distributions.

Cov-Lite Loans

Clients can hold 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 Client 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 Client varies depending on the Client's Governing Documents.

Balloon Loans and Bullet Loans

Each Client can 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 a Client 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.

International Investing

Investing outside the United States can involve greater risks than investing in the United States. To the extent permitted by their Governing Documents and, with respect to the Regulated Funds, applicable law Clients can invest in issuers 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 Client'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 Client 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 Client will hold assets uninvested, reducing or eliminating returns. The inability of a Client to make intended asset purchases due to settlement problems or the risk of intermediary counterparty failures could cause the Client to miss investment opportunities. The inability to dispose of an investment due to settlement problems could result in losses to the Client if there are subsequent declines in the value of the investment or, if the Client has entered into a contract to sell the investment, 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.

Fraud Associated with Loans

Of paramount concern in loan investments is the possibility of a material misrepresentation or omission on the part of the borrower or loan seller. Such inaccuracy or incompleteness can adversely affect the valuation of the collateral underlying the loans or the ability of the Clients to perfect or effectuate a lien on the collateral securing the loan. NMFA 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 Clients could be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Additionally, the Clients can invest in debt that is guaranteed by a subsidiary or affiliate of the issuer. In some circumstances, guarantees of secured debt issued by subsidiaries of a borrower and held by the Clients can 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 could take priority over the claims of the Clients under such guarantees. Under Federal or state fraudulent transfer law, a court can void or otherwise decline to enforce such secured debt and, if so, the Clients would no longer have any claim against the borrower or the applicable guarantor. In addition, the court might direct a Client to disgorge any amounts already received from the portfolio company or a guarantor. In some cases, significant subsidiaries of a borrower might not guarantee the obligations of the portfolio company; in other cases, a borrower could have the ability to release subsidiaries as guarantors. The repayment of a loan can also depend on cash flow from subsidiaries of a portfolio company that are not themselves guarantors of the portfolio company's obligations.

Debt Securities

Debt securities of all types of issuers can have speculative characteristics, regardless of whether they are rated. The issuers of such instruments (including sovereign issuers) could face significant ongoing

uncertainties and exposure to adverse conditions that can undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations.

Dealer Market Making

The value of the Clients' 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 attributable to 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 or general market uncertainty, this could result in greater volatility and illiquidity in the fixed income market, which could impair the Clients' profitability or result in losses.

Interest Rate Risk

Changes in interest rates can affect the value of the Clients' investments in fixed-income instruments. Increases in interest rates will often cause the value of the Private Credit Clients' debt investments to decline. The Clients could experience increased interest rate risk to the extent it invests, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments.

LIBOR, EURIBOR and Other Reference Rates.

To the extent a Client's investments (whether made, acquired or otherwise) are subject to a variable interest rate based on (or calculated with reference to) the London Interbank Offered Rate ("LIBOR"), the Euro Interbank Offered Rate ("EURIBOR"), the Canadian Dollar Offered Rate ("CDOR") or any other reference rate, benchmark or index (collectively, together with any permutations thereof and any credit spread adjustments thereto, "Benchmark Rates"), the Client will be subject to certain material risks, some of which are described below.

Certain Benchmark Rates have historically been, may presently be, and/or may in the future become, the subject of manipulation, regulatory scrutiny and/or reform, phase-out, permanent discontinuation, replacement, tremendous volatility, and other change(s) which may have resulted and/or may result in: (i) any such Benchmark Rate being artificially lower (or higher) than it otherwise would have been; (ii) changes to the applicable calculation methodology; and/or (iii) market uncertainty as to the current and/or future status of any such Benchmark Rate. To the extent any Client investment bears interest based on (or calculated with reference to) a Benchmark Rate, any such investment may not appropriately embed a return that is commensurate with its risk exposure.

In July 2017, the UK Financial Conduct Authority ("FCA") announced its intention to cease compelling panel banks to submit quotes for LIBOR and to phase-out the LIBOR Benchmark Rate by December 31, 2021. On November 30, 2020, the ICE Benchmark Administration ("IBA"), the FCA-regulated LIBOR administrator, announced its intention to (i) consult on LIBOR cessation in December of 2020 and, (ii) to the extent confirmed during such consultation, to cease the one-week and two-month United States Dollar ("USD")-LIBOR tenors by December 31, 2021, and to cease all other USD-LIBOR tenors by June 30, 2023.

Following the proposal released on November 30, 2020, the IBA confirmed on March 5, 2021 its intention

to cease the publication of the one-week and two-month USD-LIBOR tenors immediately following the LIBOR publication on December 31, 2021, and the remaining USD-LIBOR tenors, including three-month LIBOR, immediately following the LIBOR publication on June 30, 2023. On March 9, 2021, the Alternative Reference Rates Committee (“ARRC”) confirmed that in its opinion the announcement by the IBA constitutes a “benchmark transition event” with respect to all USD-LIBOR tenors pursuant to the ARRC recommendations. Concurrent with the IBA’s proposal, the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation released a statement that (i) encouraged banks to cease entering into new contracts that use USD-LIBOR as a reference rate as soon as practicable and in any event by December 31, 2021, (ii) indicated that new contracts entered into before December 31, 2021 should either utilize a reference rate other than USD-LIBOR or have robust fallback language that includes a clearly defined alternative reference rate after USD-LIBOR’s discontinuation and (iii) explained that extending the publication of certain USD-LIBOR tenors until June 30, 2023 would allow most legacy USD-LIBOR contracts to mature before LIBOR experiences disruptions. It is possible that the IBA and the panel banks could continue to produce LIBOR after June 30, 2023, or the FCA could deem LIBOR to be no longer representative of its underlying market prior to that date, but no assurance can be given that LIBOR will survive in its current form, or at all. The survival of LIBOR in its current form, or at all, is not guaranteed and, if LIBOR in its current form does not survive, it could cause a disruption in the credit markets generally, which could negatively impact the Client’s investments and/or the Client’s business, financial condition and results of operations.

On April 6, 2021, the Governor of New York signed into law legislation that addresses contracts governed by New York law that have no or ineffective LIBOR fallback language. On the date the relevant USD-LIBOR tenor ceases to be published or is announced to no longer be representative, the USD-LIBOR tenor of such contract will be replaced with a spread-adjusted, SOFR-based rate to be recommended by the Federal Reserve Board, the Federal Reserve Bank of New York or the ARRC. The legislation further provides a safe harbor from liability for the parties that have the right to select and use a recommended benchmark replacement. The parties to the contracts covered by the legislation are not precluded from amending such contract to choose a different rate than the recommended benchmark replacement. There is similar draft legislation in Congress that would, if enacted, address the LIBOR transition for covered contracts in all states and territories in the United States. As currently drafted, the federal legislation would pre-empt New York’s law and any other state LIBOR transition laws that are or may in the future be put into effect. There is no assurance that the federal legislation will be enacted into law, or, if enacted, that the law will not differ in material aspects from the current draft legislation.

The Bank of England also began publishing its proposed alternative rate, the Sterling Overnight Index Average (“SONIA”) on April 23, 2018. Both SOFR (as defined below) and SONIA significantly differ from LIBOR—both in the actual rate and how it is calculated—and therefore it is unclear whether and when markets will adopt either of these rates as a widely accepted replacement for LIBOR.

Currently, the nominated replacement for USD-LIBOR is the Secured Overnight Financing Rate (“SOFR”) and the nominated replacement for GBP-LIBOR is SONIA. In March 2020, the Federal Reserve began publishing 30-, 90- and 180-day tenor SOFR Averages and a SOFR Index. On October 23, 2020, the International Swaps and Derivatives Association published (i) updated interest rate definitions, which include hardwired fallback drafting for transitioning uncleared over-the-counter USD-LIBOR-based interest rate swaps to SOFR and other ‘risk-free-rates’; and (ii) a corresponding protocol to facilitate retroactive amendment for existing swap documents. The ISDA definitions came into effect on January 25, 2021 and apply to most uncleared over-the-counter swaps entered into after publication. The ISDA publications also included an automatic switch to SOFR/SONIA on the date when LIBOR ceases to be published or is announced by regulators to be non-representative.

Currently, the nominated replacements, including SOFR, which has long been the LIBOR replacement

frontrunner, are not complete or ready to implement and, in many cases, require margin adjustments. SOFR, which is an overnight rate secured by U.S. treasuries, is considered akin to risk-free rates and unlike LIBOR, it does not reflect bank funding costs or bank credit risk. Various permutations have emerged, including “Term SOFR”, “Daily Simple SOFR”, and other credit-sensitive rates (“CSRs”), as potential alternatives to U.S. LIBOR. On July 29, 2021, ARRC formally recommended the Term SOFR Rate published by CME Group, the world’s largest financial derivatives exchange.

Currently, there is no final consensus as to which Benchmark Rate(s) (including any adjustment and/or permutation thereof) will replace all or any LIBOR tenors after the discontinuation thereof and there can be no assurance that any such replacement Benchmark Rate(s) will attain full market acceptance (including in private credit and direct lending markets).

Markets are developing slowly and questions around liquidity in these rates and how to appropriately adjust these rates to mitigate any economic value transfer at the time of transition remain a significant concern, including consensus on any credit spread adjustments that may be applied to investments or other instruments using SOFR or other LIBOR-replacement benchmarks as a Benchmark Rate. The transition from LIBOR to other Benchmark Rates may involve, among other things, increased volatility or illiquidity in markets for instruments that currently rely on LIBOR, including for instruments that use SOFR or other LIBOR-replacement benchmarks as a Benchmark Rate.

Even if one or more replacement Benchmark Rates (e.g., forward-looking Term SOFR) are adopted across all public and private credit markets (including direct lending markets), any transition away from LIBOR to one or more alternative Benchmark Rates is complex and could have a material adverse effect on the Client’s investments, and/or the Client’s business, financial condition and results of operations.

While it is common for recently issued instruments to contemplate a scenario where LIBOR is no longer available by providing fallback language describing an alternative rate setting methodology and mechanisms to change the applicable Benchmark Rate (whether automatically or by amendment) to replace LIBOR, not all instruments have such provisions and there are significant uncertainties regarding the effectiveness of any such alternative methodologies. As such, as noted above, the Client and/or one or more of its portfolio companies may need to renegotiate the terms of credit agreements with certain issuers of investments that utilize LIBOR in order to replace it with the new standard convention that is established, which could result in increased costs for the Client and the portfolio companies. Similarly, even though the terms of the Client’s own credit facilities may provide for mechanics to amend the credit facilities in order to reflect a new Benchmark Rate in place of LIBOR, the determination of such new Benchmark Rate may require further negotiation, including between the NMFA and the applicable lender. There can be no certainty that a favorable agreement between the parties will be reached, and the terms of the Client’s credit facilities may also provide that, during certain periods, including transition periods, amounts available to be drawn under the Client’s credit facilities may bear interest at a higher rate.

To the extent swaps and similar instruments that reference LIBOR or other similar reference rates, including swaps used to manage long-term interest rate risk related to assets and/or liabilities, are entered into, in addition to the potential need to renegotiate some of those instruments to address a transition away from LIBOR, there also may be different conventions that arise in different but related market segments, which could result in mismatches between different assets and liabilities and, in turn, in possible unexpected gains and/or losses. In addition and as further described above, some of the standard conventions under consideration, including SOFR, are conceptually different than LIBOR, in that they are overnight, secured rates instead of unsecured, term rates, which could behave differently from LIBOR in ways that cause greater payments or less payments under its derivatives, at least during certain market cycles. Some of these replacement rates may also be subject to compounding or similar adjustments that cause the amount of any payment referencing a replacement rate not to be determined until the end of the relevant calculation

period, rather than at the beginning, which could lead to administrative challenges for the Client and the portfolio companies.

Prepayment Risk

The frequency at which prepayments (including voluntary prepayments by the obligors and accelerations due to defaults) occur on debt instruments will be affected by a variety of factors, including the prevailing level of interest rates and spreads as well as economic, demographic, tax, social, legal and other factors. 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 could be adversely affected by changes in prepayments in any interest rate environment.

The adverse effects of prepayments can impact a Client’s portfolio in two ways. First, particular investments could experience outright losses, as in the case of an interest-only instrument in an environment of faster actual or anticipated prepayments. Second, particular investments could underperform relative to hedges, if any, that NMFA has constructed for these investments, resulting in a loss to the Client’s overall portfolio. In particular, prepayments (at par) can limit the potential upside of many instruments to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss.

Future Funding Obligations

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

Corporate Debt

Bonds, notes and debentures issued by corporations can pay fixed, variable or floating rates of interest, and can include zero-coupon obligations. Corporate debt instruments are subject to credit ratings downgrades. Other instruments could have the lowest quality ratings or be unrated. In addition, a Client could be paid interest in kind in connection with its investments in corporate debt and related financial instruments (*i.e.*, an instrument whereby the principal owed to the Client in connection with a debt investment is increased by the amount of interest due on such debt investment). Such investments 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 Client holding such an instrument could experience substantial losses.

Syndication and/or Transfer of Debt Instruments

The Clients (through one or more subsidiaries) intend to originate secured debt obligations and purchase

secured debt obligations (including participation interests or other indirect economic interests) with Client capital. NMFA expects that in certain instances it will cause a Client (through one or more subsidiaries) to originate or purchase secured debt obligations and, from time to time, to syndicate and/or otherwise transfer a significant portion thereof, including to one or more affiliated entities. In such instances, the Client will bear the risk of any decline in value prior to such syndication and/or other transfer, which risk is heightened in uncertain or dislocated market conditions. In addition, the Client will also bear the risk of any inability to syndicate or otherwise transfer such secured debt obligations or such amount thereof as originally intended, which could result in the Client owning (indirectly) a greater interest therein than anticipated.

Weak Economy Could Trigger Defaults

Any substantial economic slowdown could increase delinquencies, defaults and foreclosures, and adversely affect the Clients' portfolios of loans and/or the Clients' ability (through one or more subsidiaries) to originate loans. Periods of economic slowdown or recession can be 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 Clients hold, weaken the Clients' collateral coverage and increase the possibility and severity of a loss if a borrower defaults. A lack of equity in a property can reduce 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 would reduce the Clients' ability (through one or more subsidiaries) to originate loans and increase losses on loans.

Recharacterization

Under Title 11 of the U.S. Code, a court can use its equitable powers to "recharacterize" the claim of a lender, *i.e.*, notwithstanding the characterization by the lender and borrower of a loan advance as a "debt," to find that the advance was in fact a contribution of equity. Typically, recharacterization occurs when an equity holder asserts a claim based on a loan made to the borrower at the time the borrower was in such poor financial condition so that other lenders would not make such a loan. In effect, a court that recharacterizes a claim makes a determination that the original circumstance of the contribution warrants treating the holder's advance not as debt but rather as equity. In determining whether recharacterization is warranted in any given circumstance, courts look to the following factors: (i) the names given to the instruments (if any) evidencing the indebtedness; (ii) the presence or absence of a fixed maturity or scheduled payment; (iii) the presence or absence of a fixed rate of interest and interest payments; (iv) the source of repayments; (v) the adequacy or inadequacy of capital; (vi) the identity of interest between the creditor and the equity holders; (vii) the security (if any) for the advances; (viii) the borrower's ability to obtain financing from outside lending institutions; (ix) the extent to which the advances were subordinated to the claims of outside creditors; (x) the extent to which the assets were used to acquire capital assets; and (xi) the presence or absence of a sinking fund to provide for repayment. These factors are reviewed under the circumstances of each case, and no one factor is controlling. The Clients can be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by the Clients should be recharacterized.

Contingent Liabilities

From time to time, a Clients could incur contingent liabilities in connection with an investment or loan. For example, the Client might invest in a revolving credit facility that has not yet been fully drawn. If a borrower subsequently draws on the facility, the Client would be obligated to fund the amounts due. A Client can also enter into agreements pursuant to which it agrees to assume responsibility for default risk presented by a third party or, conversely, pursuant to which third parties offer default protection to the Client.

Insufficient Collateral

As NMFA's decision to cause a Client to originate loans is based partly upon the adequacy of the borrower's collateral, an incorrect valuation of such collateral can result in unforeseen losses. Despite performing due diligence on the collateral, including, where appropriate, by engaging third-party independent valuers to estimate the value of the collateral pledged by the borrower, the inherent uncertainty of valuation of collateral could result in values that differ significantly from the values that can ultimately be obtained for such collateral. In addition, even if collateral is initially valued correctly, changes in market conditions, regulations or other circumstances, or changes directly related to such collateral, can materially adversely affect the value thereof.

Lender Liability

A Client could incur liability as a result of its lending activities or the lending activities of the sellers that have originated the loans. In past years, 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 a Client purchases its loans in the ordinary course of its investment activities, the Private Credit Client could be subject to allegations of lender liability by reason of the actions of the sellers that originated those loans. NMFA cannot assure that these claims will not arise, or that Client will not be subject to significant liability if a claim of this type were to be successful.

Litigation and Collection Costs

Should a Client need to 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 Client 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.

Incurrence of Additional Debt by Borrowers

There can be no assurance that a borrower will not incur further debt in addition to the loans held by a Client. Any such increase of debt levels could impair the ability of borrowers to service their loans, which, in turn, could result in higher rates of delinquency and loss on the loans held and/or originated by a Client (or one or more subsidiaries) or otherwise underlying the Client's investments.

Real Property Risks

Risk of Fluctuations in Capitalization Rates

The Net Lease Funds are expected to acquire properties at negotiated prices that, among other factors, are likely to reflect prevailing market capitalization rates at the time of the acquisition. If market conditions cause capitalization rates at the sale of a Fund property to be higher than at the acquisition of such asset, the value of such property would be affected negatively. Even if such property is not sold, such higher capitalization rate would also have a negative impact on the Net Lease Funds' net asset value and the ability to refinance indebtedness secured by the property. In this regard, increases in interest rate levels tend to be associated with an increase in capitalization

rates for properties, so the Net Lease Funds could be adversely affected by the current rising interest rate environment.

Risks of Non-Investment Grade Tenants

In pursuing the Net Lease Funds' investment objectives, NMFA will target tenants which are not evaluated or ranked by credit rating agencies, or are ranked below "investment grade." While leases with such tenants typically have higher contractual rents, the Net Lease Funds' leases with these tenants pose a higher risk of default than would leases with investment grade tenants or tenants whose credit potential has already been recognized by the market; in the event of a default by such a tenant, the Net Lease Funds' cash flow and the value of the affected property could be adversely affected. In addition, properties with such tenants could be more difficult to finance or refinance.

Competition for Tenants; Reliance on Limited Number of Tenants

The Net Lease Funds' properties and tenants can face competition that affects tenants' ability to pay rent. The Net Lease Funds' properties typically are, and the Net Lease Funds expect properties the Net Lease Funds acquires in the future will be, located in developed areas. Therefore, there are and will be numerous other properties within the market area of each of the Net Lease Funds' properties that will compete with the Net Lease Funds for tenants. The number of competitive properties could have a material effect on the Net Lease Funds' ability to rent space at the Net Lease Funds' properties and the amount of rents charged. The Net Lease Funds' could be adversely affected if additional competitive properties are built in locations competitive with the Net Lease Funds' properties, causing increased competition for customer traffic and creditworthy tenants. Tenants can also face competition from such properties if they are leased to tenants in a similar industry. For example, retail tenants face competition from numerous retail channels such as discount or value retailers, factory outlet centers and wholesale clubs. Retail tenants can also face additional competition from alternative retail channels (e.g., mail order catalogs and operators, television shopping networks and shopping via the internet). Competition that the Net Lease Funds face from other properties within the Net Lease Funds' market areas, and competition the Net Lease Funds' tenants face from tenants in such properties could result in decreased cash flow from tenants and require the Net Lease Funds to make capital improvements.

The Net Lease Funds can also be subject to tenant credit concentrations that make the Net Lease Funds more susceptible to adverse events with respect to those tenants. The financial failure of a major tenant is likely to have a material adverse effect on the Net Lease Funds' results of operations and the Net Lease Funds' financial condition. In addition, the value of the Net Lease Funds' investment in a real estate asset is historically driven by the credit quality of the underlying tenant, and an adverse change in a major tenant's financial condition or a decline in the credit rating of such a tenant could result in a decline in the value of the Net Lease Funds' investments and have a material adverse effect on the Net Lease Funds' results of operations.

The inability of a tenant in a single tenant property to pay rent could materially reduce the Net Lease Funds' revenues. Each of the Net Lease Funds' properties is expected to be occupied by a single tenant and, therefore, the success of the Net Lease Funds' investments is materially dependent on the financial stability of these individual tenants. A default of a tenant on its lease payments to the Net Lease Funds would cause the Net Lease Funds to lose the revenue from that

property and cause the Net Lease Funds to have to find an alternative source of revenue to meet any mortgage obligation and prevent a foreclosure if the property is subject to a mortgage. In the event of a default, the Net Lease Funds could experience delays in enforcing its rights as landlord, and incur substantial costs in protecting the Net Lease Funds' investments and reletting the Net Lease Funds' property. If a lease is terminated, there is no assurance that the Net Lease Funds will be able to lease the property for the rent previously received or sell the property without incurring a loss. A default by a tenant, the failure of a guarantor to fulfill its obligations or other premature termination of a lease, or a tenant's election not to extend a lease upon its expiration, could have an adverse effect on the Net Lease Funds' financial condition and the Net Lease Funds' ability to pay dividends. See also "Risks of Non-Investment Grade Tenants" above.

Investment in Troubled Assets

While the Net Lease Funds will primarily acquire existing stabilized properties, the Net Lease Funds can, in limited circumstances, make investments in underperforming or undercapitalized real estate companies or other troubled assets which involve a degree of financial risk. The success of such investments will often hinge on NMFA's ability to reposition such assets so as to increase returns to the Net Lease Funds. There can be no assurance that NMFA will be successful in such endeavors. The investments could have been originated by financial institutions that are insolvent, in serious financial difficulty, or no longer in existence; and, as a result, the standards by which such investments were originated, the recourse to the selling institution, or the standards by which such investments are being serviced or operated can be adversely affected. For example, under U.S. law, in certain circumstances, lenders that have inappropriately exercised control of the management and policies of a debtor could have their claims subordinated or disallowed or can be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances under U.S. law, payments to the Net Lease Funds and distributions by the Net Lease Funds to its limited partners could be required to be returned if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. Non-U.S. jurisdictions can present analogous or different credit issues. Bankruptcy laws could delay the ability of the Net Lease Funds to realize on collateral for loan positions held by it or adversely affect the priority of such loans through doctrines such as equitable subordination. To the extent non-U.S. laws and regulations do not provide the Net Lease Funds with equivalent rights and privileges necessary to promote and protect its interest in any such proceeding, the Net Lease Funds' investments in any such portfolio entity could be adversely affected. Bankruptcy laws can, in certain jurisdictions, result in a restructuring of the debt without the Net Lease Funds' consent under the "cramdown" provisions of applicable bankruptcy laws and can also result in a discharge of all or part of the debt without payment to the Net Lease Funds. The success of such investments often hinges on NMFA's ability to reposition such assets so as to increase returns to the Net Lease Funds. There can be no assurance NMFA will be successful in such endeavors.

Risks Associated with Leases of Long Duration

Long-term leases can result in income lower than short-term leases. In entering into leases with the Net Lease Funds' tenants, NMFA seeks to secure longer terms. Leases of long duration, or with renewal options that specify a maximum rate increase, might not result in fair market lease rates over time if NMFA does not accurately judge the potential for increases in market rental rates. Certain of the Net Lease Funds' leases might not contain any rent escalation provisions. In these cases, the Net Lease Funds' income is likely to be lower than it would otherwise be if the

Net Lease Funds' did not lease properties through long-term leases. Upon or pending the expiration of leases, the Net Lease Funds could be required to make rent or other concessions to tenants, or accommodate requests for renovations, remodeling and other improvements, in order to retain or attract tenants. Further, if the Net Lease Funds' properties are leased for long-term leases at below market rental rates, the Net Lease Funds' properties will be less attractive to potential buyers, which could affect the Net Lease Funds' ability to sell the property at an advantageous price. See also "Risk of Fluctuations in Capitalization Rates" above. There can be no assurance that leases will be renewed or that the Net Lease Funds will be able to lease or re-lease the properties on favorable terms, or at all, or that lease terminations will not cause the Net Lease Funds to sell the properties at a loss.

Some properties are suitable for only one use and can be costly to refurbish if a lease is terminated. If a property the Net Lease Funds purchase is designed for a particular type of tenant or tenant use and the tenant does not renew its occupancy or defaults on its lease, the property might not be marketable without substantial capital improvements. The cost of such improvements could adversely impact the Net Lease Funds' returns and cash available for distribution. An attempt to lease or sell the property without such improvements could also result in a lower rent or selling price and also reduce returns and the amount of cash available for distribution.

The Net Lease Funds might be unable to secure funds for future tenant improvements or capital needs, which could adversely impact the value of the applicable property or the Net Lease Funds' ability to lease the applicable property on favorable terms. If a tenant does not renew its lease or otherwise vacates its space, the Net Lease Funds could be required to expend substantial funds for improvements and refurbishments to the vacated space in order to attract a new tenant. The Net Lease Funds will generally incur all of the costs of ownership, even if a property is vacant.

Properties that have vacancies for a significant period of time are often difficult to sell, which could diminish the return on the Net Lease Funds' investment. A property can experience vacancies either by the continued default of tenants under their leases or the expiration of tenant leases. Properties that are vacant will produce no revenue, and the cost of owning the property could still be substantial. Vacancies will, therefore, result in lower returns and less cash being available for distribution. In addition, because a property's market value will depend principally upon the value of the property's lease(s), the resale value of properties with prolonged vacancies would be lower.

Risk of Tenant Bankruptcy

If a tenant files for bankruptcy, the Net Lease Funds could be precluded from collecting all sums due to the Net Lease Funds. If a tenant, or the guarantor of a lease of a tenant, commences, or has commenced against it, any legal or equitable proceeding under any bankruptcy, insolvency, receivership or other debtor's relief statute or law (a "Bankruptcy Proceeding"), the Net Lease Funds might be unable to collect all sums due to the Net Lease Funds under that tenant's lease. Any or all of the lease obligations of the Net Lease Funds' tenants, or any guarantor of the Net Lease Funds' tenants, could be subject to a Bankruptcy Proceeding which can bar the Net Lease Funds' efforts to collect pre-bankruptcy debts from these entities or their properties, unless the Net Lease Funds are able to obtain an enabling order from the bankruptcy court. If the Net Lease Funds' lease is rejected by a tenant in bankruptcy, the Net Lease Funds could be left with only a

general unsecured claim against the tenant and might not be entitled to any further payments under the lease. A Bankruptcy Proceeding could hinder or delay the Net Lease Funds' efforts to collect past due balances and ultimately preclude collection of these sums, resulting in a decrease or cessation of rental payments and reducing returns to the Net Lease Funds' investors. In the event of a bankruptcy, there can be no assurance that the tenant or its trustee will assume the Net Lease Funds' lease.

The Net Lease Funds can enter into sale-leaseback transactions whereby the Net Lease Funds would purchase a property and then lease the same property back to the person from whom the Net Lease Funds purchased it. In the event of the bankruptcy of a tenant, the tenant/debtor could petition the bankruptcy court, as a court of equity to re-characterize the transaction as either a financing or a joint venture. If the sale-leaseback was re-characterized as a financing, the Net Lease Funds might not be considered the owner of the property, and as a result would have the status of a creditor, not a property owner, in relation to the tenant. In that event, the Net Lease Funds would no longer have the right to sell or encumber the Net Lease Funds' ownership interest in the property. Instead, the Net Lease Funds would have a creditor's claim against the tenant for the amounts owed under the lease. In addition, upon a re-characterization, the tenant/debtor might have the ability to propose a plan restructuring the term, interest rate and amortization schedule of its outstanding balance. If such a plan is confirmed by the bankruptcy court, the Net Lease Funds could be bound by the new terms. If the sale-leaseback were characterized as a joint venture, the Net Lease Funds' lessee and the Net Lease Funds could be treated as co-venturers with regard to the property. As a result, the Net Lease Funds could be held liable, under some circumstances, for debts incurred by the lessee relating to the property. In either of these circumstances, the Net Lease Funds' financial condition and ability to pay dividends to investors could be adversely affected.

Real Estate Operating Risks

Rising expenses could reduce cash flow and adversely affect the Net Lease Funds' ability to make future acquisitions. Any properties that the Net Lease Funds own now or buys in the future are and will be subject to operating risks common to real estate in general, any or all of which can negatively affect the Net Lease Funds. If any property is not fully occupied or if rents are being paid in an amount that is insufficient to cover operating expenses, the Net Lease Funds could be required to expend funds with respect to that property for operating expenses. The properties will be subject to increases in tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance and administrative expenses. Renewals of leases or future leases might not be negotiated on that basis, in which event the Net Lease Funds could have to pay those costs. If the Net Lease Funds are unable to lease properties on a triple-net-lease basis or on a basis requiring the tenants to pay all or some of such expenses, or if tenants fail to pay required tax, utility and other impositions, the Net Lease Funds could be required to pay those costs which would, among other things, adversely affect funds available for future acquisitions.

Additional risks include unexpected expenditures for capital improvements, including requirements to bring properties into compliance with applicable federal, state and local laws. In addition, the Net Lease Funds will likely be responsible for any major structural repairs, such as repairs to the foundation, exterior walls and rooftops, even if the Net Lease Funds' leases with tenants require tenants to pay routine property maintenance costs. The Net Lease Funds will have to obtain financing from sources, such as cash flow from operations or property sales to fund these

capital requirements. If the Net Lease Funds cannot procure additional funding for capital improvements, the value of the applicable property or the Net Lease Funds' ability to lease the applicable property on favorable terms could be adversely impacted.

Insurance

The insurance the Net Lease Funds purchase for the Net Lease Funds' properties might not be adequate to cover losses the Net Lease Funds incurs. Although the Manager, in some cases, an affiliate of NMFA will arrange for, or will require tenants to maintain, comprehensive insurance coverage on the Net Lease Funds' properties, some catastrophic losses (such as wars, natural disasters, terrorist attacks, or other similar events) could be either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. If a disaster occurs, the Net Lease Funds could suffer a complete loss of capital invested in, and any profits expected from, the affected properties. If uninsured damages to a property occur and the Net Lease Funds do not have adequate cash to fund repairs, the Net Lease Funds might be forced to sell the property at a loss or to borrow capital to fund the repairs. In addition, although the Net Lease Funds obtain title insurance policies of the Net Lease Funds properties to protect the Net Lease Funds and the Net Lease Funds' properties against unknown title defects (such as claims of ownership, liens or other encumbrances), there could be certain title defects that the Net Lease Funds' title insurance will not cover. If a material title defect related to any of the Net Lease Funds' properties is not adequately covered by a title insurance policy, the Net Lease Funds could lose some or all of the Net Lease Funds' invested capital and anticipated profits from such property, and cause a financial misstatement or lead to reputational damage for the company.

Property-Related Expenses

Under the terms of the net leases, in addition to satisfying their rent obligations, tenants generally are responsible for the payment or reimbursement of property expenses such as real estate taxes, insurance and ordinary maintenance and repairs. However, other leases that the Net Lease Funds enter into in the future with potential tenants, could require the Net Lease Funds to pay some or all of the expenses of the property, such as the costs of environmental liabilities, roof and structural repairs, real estate taxes, insurance, certain non-structural repairs and maintenance. If the Net Lease Funds' properties incur significant expenses that must be paid by the Net Lease Funds under the terms of the Net Lease Funds' leases, the Net Lease Funds' business, financial condition and results of operations would be adversely affected and the amount of cash available to meet expenses could be reduced.

Impairment Charges

The Net Lease Funds periodically evaluate properties for impairment indicators. The judgment regarding the existence of impairment indicators is based on factors such as market conditions and tenant performance. For example, the early termination of, or default under, a lease by a tenant can lead to an impairment charge. Since the Net Lease Funds' investment focus is on properties net leased to a single tenant, the financial failure of, or other default by, a single tenant under its lease is likely to result in a significant impairment loss. If an impairment is determined to have occurred, the Net Lease Funds would be required to make a downward adjustment to the net carrying value of the property, which could have a material adverse effect on the Net Lease Funds' results of operations in the period in which the impairment charge is recorded. Negative developments in the

real estate market could cause NMFA to reevaluate the business and macro-economic assumptions used in an impairment analysis. Changes in NMFA's assumptions based on actual results could have a material impact on NMFA's financial statements.

Unknown Liabilities

When the Net Lease Funds assume existing liabilities when acquiring a property, there is a risk that some of the liabilities are unknown or unquantifiable at the time of the transaction. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims of tenants or other persons dealing with prior owners of the properties, tax liabilities, employment-related issues, and accrued but unpaid liabilities whether incurred in the ordinary course of business or otherwise. If the magnitude of such unknown liabilities is high, either singly or in the aggregate, it could adversely affect the Net Lease Funds' business, financial condition, liquidity and results of operations.

Risks Relating to Due Diligence of and Conduct at Portfolio Companies; Property as Operationally Critical to a Tenant

Before the Net Lease Funds invest in a property, NMFA will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable under the circumstances. Due diligence generally entails evaluation of important and complex business, financial, tax, accounting, environmental, social, governance and legal issues. When conducting due diligence and making an assessment regarding an investment in a property, NMFA will rely on the resources available to it, including information provided by the property and, in some circumstances, third-party investigations. The due diligence investigation that NMFA carries out with respect to any investment opportunity might not reveal or highlight all relevant facts that would be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment in the property being successful.

As an important aspect of due diligence, NMFA will seek to determine whether a property is considered to be operationally critical to the business operations of the tenant. There can be no assurance that NMFA's determinations will be accurate. If a determination is not accurate, it will increase the risk that the Net Lease Funds will lose some or all of the Net Lease Funds' invested capital in the property as well as rental income from that property.

In the event of fraud by the seller of any property, the Net Lease Funds could suffer a partial or total loss of capital invested in that property. An additional concern is the possibility of material misrepresentation or omission on the part of the seller. Such inaccuracy or incompleteness can adversely affect the value of the Net Lease Funds' investment in such property. NMFA will rely upon the accuracy and completeness of representations made by the property's former owners in the due diligence process to the extent reasonable when it makes its investments, but cannot guarantee such accuracy or completeness.

Consultants, legal advisors, appraisers, accountants, investment banks and other third parties can be involved in the due diligence process and/or the ongoing operation of the Net Lease Funds' investments to varying degrees. For example, certain asset management, finance, administrative and other similar functions could be outsourced to a third-party service provider whose fees and expenses will be borne by the Net Lease Funds and will not offset the Management Fee. The

involvement of third-party advisors or consultants presents a number of risks primarily relating to NMFA's reduced control of the functions that are outsourced.

The Net Lease Funds generally obtains only limited warranties when the Net Lease Funds purchase a property and therefore has only limited recourse if NMFA's due diligence does not identify any issues that lower the value of the Net Lease Funds' property, which could adversely affect the Net Lease Funds' financial condition and ability to pay dividends to investors. The Net Lease Funds has acquired, and can continue to acquire, properties in "as is" condition on a "where is" basis and "with all faults," without any warranties of merchantability or fitness for a particular use or purpose. In addition, purchase agreements often contain only limited warranties, representations and indemnifications that will only survive for a limited period after the closing. The purchase of properties with limited warranties increases the risk that the Net Lease Funds will lose some or all of the Net Lease Funds' invested capital in the property as well as rental income from that property.

Currency and Exchange Rate Risks

A portion of the Net Lease Funds' investments, and the income received by the Net Lease Funds with respect to such investments, could be denominated in currencies other than U.S. dollars. However, the books of the Net Lease Funds will be maintained, and capital contributions to and distributions from the Net Lease Funds generally will be made, in U.S. dollars. Accordingly, changes in currency exchange rates could adversely affect the dollar value of an investment, interest and dividends received by the Net Lease Funds, gains and losses realized on the sale of investments and the amount of distributions, if any, to be made by the Net Lease Funds. Recent events have exacerbated the volatility of certain currency exchange rates, which could adversely affect the Net Lease Funds. In addition, the Net Lease Funds will incur costs in converting investment proceeds from one currency to another. The Net Lease Funds could enter into hedging transactions designed to reduce such currency risks. See also "Hedging Policies/Risks" below. Furthermore, because interests are denominated in U.S. dollars, investors subscribing for interests in any country in which U.S. dollars are not the local currency should note that changes in the value of exchange between U.S. dollars and such currency could have an adverse effect on the value, price or income of the investment to such investor. There can be foreign exchange regulations applicable to investments in foreign currencies in certain jurisdictions. Each prospective investor should consult with its own counsel and advisors as to all legal, tax, financial and related matters concerning an investment in the Interests.

Force Majeure Risk

Properties could be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, civil unrest, acts of God, fire, flood, earthquakes, hurricanes and other natural disasters, including extreme weather events from possible future climate change, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism and labor strikes). Some force majeure events could adversely affect the ability of a party (including a tenant or a counterparty to the Net Lease Funds or a tenant) to perform its obligations until it is able to remedy the force majeure event. In addition, the cost of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Net Lease Funds invest specifically.

Risks Relating to Non-U.S. Investments and Non-U.S. Jurisdictions

Non-U.S. Investments

The Clients will invest principally in the U.S. and North America, but can also invest outside the U.S. Investing in the securities of companies (and, from time to time, governments) outside of the U.S. involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that could restrict the Clients' investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as robust as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, NMFA could be unable to structure transactions to achieve the intended results or to mitigate all risks associated with such markets. It can also be difficult to enforce a Private Credit Client's rights in such markets. For example, securities traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the CFTC or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to the Clients under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties.

Currencies

Although the Clients, with the exception of the Net Lease Funds, intend primarily to make loans that are denominated in U.S. dollars, the Clients can, on an opportunistic basis, invest in loans, secured debt or other investments that are denominated in a currency other than the U.S. dollar. In such an event, the prices of such investments will be determined with reference to currencies other than the U.S. dollar but the Clients will value its securities and other assets in U.S. dollars. To the extent that the Clients make investments that are denominated in a currency other than the U.S. dollar, the Clients generally expect to hedge its foreign currency exposure. However, to the extent that the Clients' foreign currency exposure is not hedged, the value of the Clients' assets will fluctuate with U.S. dollar exchange rates as well as the price changes of the Clients' investments. Among the factors that can affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. An increase in the value of the U.S. dollar compared to the other currencies in which the Clients makes their investments will reduce the effect of increases and magnify the effect of decreases in the prices of the Clients' investments in foreign markets. As a result, the Clients could realize a net loss on an investment, even if there were a gain on the underlying investment before currency losses were taken into account.

ITEM 9. DISCIPLINARY INFORMATION

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

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

NMFA is affiliated with other investment advisers registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). NMC Group acts as shared service provider (in such capacity, the “Shared Service Provider”) to the affiliated advisers and NMFA under shared services agreements. Through the Shared Services Agreement between NMFA 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 NMFA delegates to NMC Group.

As discussed below, the varied nature of New Mountain’s clients and their investments, and the activities of 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 (collectively, “Other Accounts”). Other Accounts could make investments that would be suitable for Clients. Other Accounts could also make investments in equity of public companies whose loans could be suitable for investment by Clients. New Mountain maintains a compliance program, including written allocation policies, to address 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.

It is possible that the personnel of NMFA will face, in certain circumstances, competing fiduciary duties between and among our Clients and between our Clients and NMFC and its clients.

Affiliated Advisers

New Mountain Credit CLO Advisers, L.L.C., and NMC are advisory affiliates of NMFA and serve as the respective managers to CLOs, a senior loan program, and several private equity funds. Each of our advisory affiliates is separately registered with the SEC pursuant to the Advisers Act. Although the investment strategies of the Clients managed by NMFA are different from the strategies of the vehicles managed by our advisory affiliates, we expect to rely heavily on the extensive expertise and industry relationships developed by the employees of these advisory affiliates to identify and evaluate potential investment opportunities for our Clients. NMFA and the affiliated advisers also share personnel and other resources, pursuant to Shared Services Agreements with NMC Group. As a result, personnel of NMFA who are shared with an affiliated adviser will sometimes work on projects unrelated to the Clients which can create conflicts in the allocation of management or other resources and related costs. For example, there can be circumstances when one New Mountain advisory affiliate has considered a potential investment in a portfolio company on behalf of a client it advises (which could include NMFA on behalf of one or more Clients), has determined not to make such investment and an investment is eventually made in such portfolio company by another New Mountain advisory affiliate on behalf of one or more clients it advises (which could include NMFA on behalf of different Clients). In these circumstances, the latter client(s) can benefit from the use of information and research by the investment team which initially considered the investment and/or from costs borne by the former client(s) in pursuing the potential portfolio investment, but will not be required to reimburse, (or be reimbursed, as applicable) for expenses incurred in connection with such investment.

The activities of these advisory affiliates can give rise to certain conflicts of interest as described herein.

Conflicts of Interest Associated with Overlapping, Competing or Conflicting Investments

As noted above, Clients and Other Accounts will invest in different, similar or the same assets or issuers 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 Clients will also be suitable for Other Accounts. 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 Client could be unable to invest in a particular opportunity (even if NMFA believes that it would be in the Client'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 Client instead being allocated to an Other Account if that debt investment were also suitable and desired for that Other Account.

With respect to allocations involving the Regulated Funds, New Mountain must consider that the 1940 Act ordinarily restricts joint transactions, which can include common investments, between a registered investment company or BDC and other accounts advised by the Regulated Fund's investment adviser or by an Affiliated Adviser. Because New Mountain believes that common investments of the type restricted by the 1940 Act can be beneficial for Regulated Funds and other New Mountain clients, New Mountain requested and received the Co-Invest Order, which permits, subject to the conditions set forth in the Co-Invest Order, Regulated Funds to co-invest in portfolio companies with certain other funds or accounts managed by any New Mountain-affiliated adviser in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act. The conditions of the Co-Invest 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, 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 Co-Invest Order could ultimately limit the amount of investment allocable by New Mountain to clients other than the Regulated Funds, or delay or impede execution of investments. The Co-Invest Order does not cover all possible co-investments and there are circumstances where certain accounts advised by New Mountain will be unable to co-invest with one or more Regulated Funds. As a result, no Client or investor can be assured that the Co-Invest Order will permit a co-investment with a Regulated Fund.

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 can give rise to a variety of conflicts of interests. New Mountain monitors for 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 could 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 Co-Invest 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

managed by an Affiliated Adviser during ramp-up periods, subject to the 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.

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

NMFA sets high ethical and professional standards for employee conduct. In connection with NMFA's fiduciary obligations to our Clients, NMFA has adopted a Code of Business Conduct and Ethics (the "Code of Conduct"), which covers a wide range of business activities, practices and procedures. It does not cover every issue that can arise in the course of NMFA's business activities, but it sets out basic principles designed to guide employees, officers and directors of NMFA. All employees, officers and directors must conduct themselves in accordance with this Code of Conduct, and seek to avoid even the appearance of improper behavior.

Code of Ethics/Personal Trading

The Firm has adopted a formal code of ethics and insider trading policies and procedures (the "Code") pursuant to Rule 204A-1 under the Advisers Act 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 NMFA 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 Advisors¹, 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. Code requirements include, among other 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 is 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 limited circumstances and then only with the pre-approval of the Chief Compliance Officer (or Compliance Representative). The Firm has retained ComplySci, a third-party technology vendor, to assist Compliance in the periodic review of all Access

¹ Generally, New Mountain Senior Advisors are similar to "Operating Partners" who 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. Senior Advisors can also hold senior management or operating positions at portfolio companies advised by one or more Funds. Management Fees will not be offset by any salary, benefits, directors' fees, stock options and other compensation granted or paid by portfolio companies to (i) non-employee Senior Advisors for serving on boards of directors, serving in executive management roles or performing the functional equivalent of such roles (and New Mountain can reduce the compensation it pays to Senior Advisors who serve in roles) or (ii) other New Mountain personnel in respect of services performed in an executive management role at a portfolio company during a period in which such other personnel was not an employee of New Mountain.

Persons' brokerage statements and other related investment reports.

New Mountain, its personnel and New Mountain Senior Advisors are permitted with prior notice and/or approval to serve on boards of public companies, including those in which a Client invests. 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 can acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Firm could be unable to act upon any such information. Due to these restrictions, NMFA could be unable to initiate a transaction that it otherwise might have initiated and could be unable to sell an investment that it otherwise might have sold.

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

Principal Transactions and Cross Trades

At times, NMFA could determine to cause Clients to enter into cross trades or other transactions between Clients where the ownership interest in a Client by NMFA or its personnel could cause the transaction to be viewed as a principal transaction for purposes of Section 206(3) of the Advisers Act. In such cases, NMFA would affect such transaction only if NMFA were to first determine that such trade is in the best interests of the affected Clients and then only in compliance with the requirements of the Advisers Act, and the Governing Documents of the affected Clients, including obtaining any required informed consent from the Board or Advisory Committee or a majority in interest of the investors in the applicable Client. In addition, as a general matter, no Client can engage in transactions with affiliates, except for those transactions provided for in the Governing Documents, approved by the Advisory Committee or by a majority in interest of the investors of the applicable Client(s) or executed pursuant to the Co-Invest Order.

A principal transaction could arise if a Client 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 Client), notice will be provided to and consent sought from the Client. Cross-trades among Clients or between a Client 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, NMFA 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 Client's board or other representative designated by the Client or the board for this purpose, which will be independent of New Mountain. Assets in which Clients can be expected to invest are often not publicly traded and values can be difficult to determine. NMFA 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. NMFA'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 can ultimately be sold. Differences in fair value and actual sale value could adversely

impact a Client.

Financial Interests in Fund Transactions

As described in Item 5– “Fees and Compensation,” in addition to management fees and carried interest, NMFA and its affiliates can receive directors’ fees, transaction fees, investment banking fees, break-up fees, advisory fees, monitoring fees or other similar fees with respect to advisory and related services provided in connection with investments by the Clients.

NMFA has a conflict of interest in circumstances where it has an opportunity to earn a fee from an acquisition or disposition by a Client. However, NMFA believes that the management fee offset provisions described in Item 5 and the substantial equity commitment by NMFA and its affiliates to the Clients substantially mitigates this incentive.

Allocation of Investments

NMFA expects to be presented with investment opportunities that fall within the investment objective of multiple Clients. When allocating investment opportunities across Clients, differing pecuniary interests of New Mountain arising from, for example, differential financial structures, investment interests or compensation the Clients eligible to participate in the opportunity, can create an incentive for NMFA to favor one Client over another. However, allocation of investments among certain Clients (*e.g.*, parallel and successor funds to a Client) are subject to allocation procedures set forth in the Governing Documents of the applicable Client and NMFA generally does not introduce successor funds until it is permitted to do so pursuant to the requirements set forth in the respective Governing Documents, reducing the incidence of overlapping opportunities among such Clients. In addition, all allocations are subject to, and will be made in accordance with, the Allocation Policy, described in Item 10, above, which has been reasonably designed to promote fair and equitable treatment of Clients over time, consistent with each Client’s Governing Documents and the disclosures made to Clients and investors.

In addition to NMFA’s ability to invest in investments made by the Client, the Governing Documents of each Private Credit Client generally permit NMFA to make available co-investment opportunities to strategic investors, lenders, non-employee Senior Advisors of New Mountain, limited partners and/or other investors. NMFA applies its discretion when allocating co-investment opportunities, taking into account facts and circumstances which can include the nature of the transaction, speed of execution required, tax considerations, familiarity with and history of investing in the relevant industry, ability to provide strategic insights and other factors believed relevant. NMFA endeavors to keep itself informed regarding investor interest in co-investment by maintaining records of those investors who have expressed interest in co-investments. No investor or other party should expect to participate in any, or any particular, co-investments.

ITEM 12. BROKERAGE PRACTICES

Our Clients typically invest in private securities and do not ordinarily transact with financial intermediaries, such as broker-dealers, in public securities. To the extent our Clients transact in public securities, if at all, and subject to the terms of the applicable Investment Management Agreement, NMFA will seek to obtain what it believes to be “best execution” in effecting transactions on behalf of our Clients. In connection with each Client’s portfolio transactions, NMFA 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), NMFA 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 NMFA and our Clients; (v) the value of brokerage services over and above trade execution provided to NMFA and our Clients; (vi) the competitiveness of commission rates in comparison with other broker-dealers satisfying NMFA's other selection criteria; and (vii) any other factors that NMFA deems relevant to its overall duty to seek best execution. In selecting brokers or dealers to execute transactions, although NMFA generally seeks competitive execution costs, NMFA 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 can involve specialized services on the part of a broker or dealer, which could justify higher costs than would be the case for more routine services.

Additionally, NMFA could 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 NMFA 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, NMFA has an incentive to select or recommend the broker-dealer based on its interest in receiving research or other products or services because NMFA 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 NMFA's investment strategies will be used to benefit other New Mountain investment strategies. Clients 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, NMFA considers a number of factors. Where NMFA believes that equivalent execution could be obtained from more than one broker, NMFA will, from time to time, purchase and sell securities through broker-dealers that provide research, statistical and other information, even if our Clients 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, NMFA 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 NMFA 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 Securities Exchange Act of 1934.

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 NMFA. A broker will not be excluded from receiving business simply because it has not been identified as providing research services.

ITEM 13. REVIEW OF ACCOUNTS

Portfolio companies in which NMFA Clients invest are monitored on a regular basis, but generally, monthly, if not more often, by each of the portfolio management deal teams, which are led by one or more Firm Managing Directors and Directors and are also subject to review by the NMFA's management team, in advance of providing updated reporting to our Client. Additionally, certain documents and records relating to Client accounts (i.e. financial, accounting, etc.) are prepared, maintained and reviewed in more detail by respective Client's Chief Financial Officer, Controller and Accounting Team, as appropriate. The CCO also performs a variety of periodic account reviews as part of the Firm's overall Advisers Act Rule 206(4)-7 annual compliance review.

For the Private Credit Clients, NMFA does not expect to provide reports to the Client. Rather, each investor receives a quarterly report and annual audited financial statements (please see Item 15, "Custody" below).

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

NMFA 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 one of our Clients.

NMFA has in the past and could in the future enter into solicitation agreements with third parties, including placement agents, pursuant to which we can compensate persons who are not our supervised persons for introductions to persons who become Clients. These arrangements will, where required comply with the Advisers Act and the rules thereunder.

, we have adopted compliance policies reasonably designed to ensure that placement agents and other solicitors disclose the nature of their relationship and compensation to prospective Clients or investors.

NMFA will only pay a cash fee, directly or indirectly, to a solicitor or placement agent pursuant to a written agreement. Our CCO oversees these arrangements, including the formation of new relationships. We typically will only engage registered broker-dealers to conduct placement activities on our behalf in the United States, but we can engage other persons or firms to act as solicitors. The CCO determines the eligibility of prospective solicitors and placement agents and will take reasonable steps to ensure that each solicitor or placement agent complies with the terms of the relevant agreement.

NMFA does not make any indirect payments to marketing intermediaries such as pension consultants for the referral of Clients, and will comply in all respects with applicable "pay to play" legislation and rules.

ITEM 15. CUSTODY

Rule 206(4)-2, promulgated under the Advisers Act, (the "Custody Rule") imposes specific conditions on investment advisers who have actual or deemed custody of client assets. However, the Regulated Funds are subject to rules respecting custody under the 1940 Act and, as a result, are not subject to the Custody Rule.

NMFA has custody over a Private Credit Client when it or an affiliate serves as general partner (or equivalent) of the Private Credit Client. Investors in our Private Credit Clients will not receive statements from the custodian. Instead, each Private Credit Client is subject to an independent annual audit. The audited financial statements are prepared in accordance with generally accepted accounting principles, are audited by an independent auditor in accordance with generally accepted auditing standards and are generally

distributed within 90 days of the applicable Client's fiscal year end, pursuant to the Private Credit Client's Governing Documents.

Custody of the Private Credit Clients' assets is maintained in compliance with the Custody Rule. Where required, cash and securities are maintained at a financial institution meeting the definition of "qualified custodian" under the Advisers Act.

ITEM 16. INVESTMENT DISCRETION

NMFA provides discretionary investment advisory services to our Clients. Generally, this discretion is subject only to the investment objectives, guidelines and restrictions set forth in the Client's Governing Documents, as agreed with investors or imposed by applicable law.

ITEM 17. VOTING CLIENT SECURITIES

While the Clients generally are not expected to hold securities which solicit proxies, NMFA could be called upon to provide (or withhold) consent to proposed modifications to loan terms and covenants. NMFA's authority to act in these circumstances will be conferred or limited by the Client's Governing Documents. NMFA 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 NMFA or New Mountain.

In accordance with its fiduciary duty to clients and Rule 206(4)-6 under the Advisers Act, NMFA 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 Clients. Under these policies and procedures, the proxy voting decisions of NMFA are made by our senior officers who are responsible for monitoring our Clients' investments. To ensure that our vote is not the product of a conflict of interest, we will require that anyone involved in the decision making process disclose to our CCO any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote.

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. Although NMFA will generally vote against proposals that can have a negative impact on our Clients' portfolio securities, it can vote for such a proposal if there exists compelling long-term reasons to do so.

NMFA has identified one potential conflict of interest between our Clients' interests and our own arising from our proxy voting process. From time to time, NMFA can be in a position where it must vote to approve certain directors' participation on the boards of public companies in which our Clients can invest. Since the Firm's employees are permitted to participate on public company boards (upon notification to, or approval by the CCO), there can be situations where NMFA has a decision as to whether to vote in favor of, or against, a public company director that is also compensated as an employee. If NMFA determines that we can have, or are perceived to have, a conflict of interest when voting proxies, NMFA will either (i) convene our Proxy Voting Committee, which is comprised of a combination of the CCO (or Compliance Representative), the Operations Manager and at least one other NMFA investment professional with a title of Managing Director or senior management, to address conflicts or (ii) refrain from voting when doing so

is in our Client's best interest.

You may obtain, without charge, information regarding how NMFA voted proxies with respect to portfolio investments by making a written request for proxy voting information to: Chief Compliance Officer, 1633 Broadway, 48th Floor, New York, New York 10019.

ITEM 18. FINANCIAL INFORMATION

NMFA is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to our Clients.