

**INVESTMENT ADVISER BROCHURE  
PART 2A OF FORM ADV**

**MARANON CAPITAL, L.P.**



**303 West Madison Street, Suite 2500  
Chicago, Illinois 60606  
[www.maranoncapital.com](http://www.maranoncapital.com)**

**March 30, 2023**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Maranon Capital, L.P. If you have any questions about the contents of this Brochure, please contact Mike Parilla at (312) 646-1200. 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 authority.**

Maranon Capital, L.P. is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.

Additional information regarding Maranon Capital, L.P. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **MATERIAL CHANGES**

The last version of this Brochure was filed March 29, 2022. This annual amendment updates the description of the business practices of Maranon Capital, L.P. and its affiliates.

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## ADVISORY BUSINESS

Maranon Capital, L.P. (“Maranon Capital”) is a private investment management firm that, together with certain of its affiliates (collectively “Maranon”), including the affiliates listed on Appendix A, operates as a single advisory business. Maranon managed approximately \$5,631.2 million in private fund and separately managed account assets as of December 31, 2022. Maranon commenced operations in May 2007 and initially became registered as an investment adviser with the SEC on February 6, 2012. This Brochure describes the business practices of Maranon.

### Asset Classes

Maranon invests across three principal asset classes:

- “*Senior Credit*,” which includes senior secured first and second lien debt investments, predominantly in non-public companies;
- “*Mezzanine*,” which includes mezzanine investments, predominantly in non-public companies; and
- “*Equity Co-Investment*,” which includes non-control equity investments alongside third-party sponsors, predominantly in non-public companies.

### Clients

Maranon provides investment advisory services to its clients, which consist of privately offered investment funds (such existing and any hereafter formed funds managed by Maranon Capital or its affiliates, the “Funds”),<sup>1</sup> Funds that are organized as issuers of collateralized loan obligations (collectively, the “CLOs”), clients with separately managed accounts (“Separate Accounts”), and Maranon Senior Credit IV, LLC (“Senior Credit IV” and, collectively with the Funds, the CLOs and Separate Accounts, the “Clients”).

- *The Funds.* Maranon, acting through one or more entities listed on Appendix A, serves as general partner or managing member of, or in other similar capacity to, certain of the Funds (in such capacity, the “General Partner”) and has the authority to make investment decisions for each Fund to which it provides advisory services. The General Partners have delegated day-to-day advisory responsibilities for each Fund to Maranon Capital under each Fund’s limited partnership or operating agreement or other governing document (each a “Fund Agreement”).
- *The CLOs.* Each CLO is an entity that issues rated notes (“Senior Notes”) and non-rated notes (the “Equity Notes” and, together with the Senior Notes, the “Notes”) pursuant to the terms and conditions of an indenture (“Indenture”). The Notes issued by each CLO are secured by a portfolio consisting primarily of senior secured first and second lien loans selected and managed by a collateral manager. Pursuant to a collateral management agreement (“Collateral Management Agreement”), either Maranon

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<sup>1</sup> Maranon’s Funds (other than the CLOs), as of the date of this Brochure, and their associated general partners are listed in Appendix B.

Capital or one of its subsidiaries serves as the collateral manager of each CLO. Additionally, any of Maranon Capital or one of its subsidiaries is permitted to serve as a “risk retention” vehicle by maintaining a financial interest in one or more of the CLOs.

- *The Separate Accounts.* Maranon Capital provides advisory services to each Separate Account under a separately negotiated investment management agreement (each, together with Collateral Management Agreements, an “Investment Management Agreement”). Solely for purposes of this Brochure, Maranon Capital includes within its Separate Accounts, without limitation: (i) a third-party investment managers that have engaged Maranon to provide sub-manager services for a pooled fund or portion thereof that such third-party adviser has raised and manages and (ii) an entity controlled by an insurance company for which Maranon provides collateral manager services that incurs loans secured by a portfolio consisting primarily of senior secured first and second lien loans selected and managed by the collateral manager.
- *Senior Credit IV.* Maranon Capital also provides advisory services to Senior Credit IV and other similarly situated investment vehicles, which are owned by Security Benefit Corporation, a subsidiary of Eldridge Industries, LLC (“Eldridge”). Senior Credit IV provides a source of capital for a number of functions including warehousing Senior Credit for new CLOs and Separate Accounts, making commitments for future investments alongside other Clients, and supporting not-yet-funded commitments of other Clients such as in the case of delayed-draw term loans and revolving lines of credit.

The Funds that invest in Senior Credit may be referred to collectively as the “Senior Credit Funds.” The CLOs and Senior Credit Funds may be referred to collectively as the “Senior Funds.” The Senior Funds, Separate Accounts and any future Funds and/or Separate Accounts that invest primarily in Senior Credit may be referred to collectively as “Senior Products.”

### **Advisory Services**

Maranon provides advisory services to each Client, including identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments, interacting with management teams of borrowers and portfolio companies and achieving dispositions for such investments. In connection with certain investments, the senior principals or other personnel of Maranon may serve on the boards of directors of the related portfolio companies or otherwise act to influence the management of such portfolio companies until Clients exit such investment.

Maranon’s advisory services are detailed in the applicable confidential private placement memorandum or other offering documents (each, a “Memorandum”) and Fund Agreement for each Fund and Investment Management Agreement for each Separate Account and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Other than any Separate Accounts that have been designated as non-discretionary, Maranon Capital exercises control over investment decisions for Clients on a discretionary basis. Investors in a Fund (generally referred to herein as “investors” or limited partners”) participate in the overall

investment program for such Fund and do not exercise any control over the Fund's investment decisions; provided, however, that, investors in a Fund (other than the CLOs) in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Fund Agreement; for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between Maranon and any investor in a Fund.

Maranon has entered into, and may enter into additional, bilateral agreements or similar agreements ("Letter Agreements") with certain investors that have the effect of establishing rights under, altering or supplementing the terms of the relevant Fund Agreement, including, without limitation, informational rights, regulatory matters and variations in fees and carried interest, with respect to such investors.

The description of Maranon's advisory services and Clients is not exhaustive. Maranon may provide other advisory services to other types of Clients not described herein.

### **Principal Owners**

Maranon Capital's principal owners are Ian Larkin and a subsidiary of Eldridge. Todd Boehly is the Chairman and Chief Executive Officer and controlling owner of Eldridge.

Eldridge is a private investment firm that owns businesses that operate within a number of industries, including the financial services industry. Eldridge and certain affiliates have material business relationships with Maranon Capital, including having invested in and/or providing capital commitments for one or more of the Funds (including CLOs) and Senior Credit IV.

Maranon believes there are benefits to these relationships, including that Eldridge and its affiliates have a significant amount of investment experience and access to investment opportunities, and that Eldridge's ownership of Maranon may improve Maranon's ability to identify and close on profitable investments. For further information on Eldridge and its relationship with Maranon, please refer to the discussion below under "Methods of Analysis, Investment Strategies and Risk of Loss" and "Other Financial Industry Activities and Affiliations".

### **FEES AND COMPENSATION**

In general, Maranon Capital receives a management fee (a "Management Fee") from each Client. For the Funds, Maranon or its related parties also generally receive performance-based compensation ("Incentive Compensation"), which may be in the form of carried interests or incentive fees. Maranon or its related parties typically also receive additional compensation in connection with management and other services performed for Client portfolio companies or with respect to investments, including, without limitation, monitoring, consulting, directors', agent, administrative, transaction, syndication, origination, closing, undrawn commitment, breakup, anniversary, documentation, amendment and prepayment fees, (collectively, "Third-Party Fees"), in each case to the extent permitted in the applicable Fund Agreement or Investment Management Agreement. Clients also bear certain expenses, as further described below.

The following is a summary of the fees paid by the Clients. Investors should review the applicable Fund Agreement, Investment Management Agreement, Indenture or Collateral

Management Agreement, as applicable, for further details regarding the fee structures summarized below. Terms not defined herein are defined in the applicable Fund Agreement, Investment Management Agreement, Indenture or Collateral Management Agreement. To the extent there is a deviation between the general descriptions provided in this brochure and the provisions and disclosures in any Memorandum, Fund Agreement, Investment Management Agreement, Indenture or Collateral Management Agreement applicable to a particular Client, the terms of the applicable Memorandum, Fund Agreement, Investment Management Agreement, Indenture or Collateral Management Agreement shall govern.

### **Mezzanine Fund and Senior Credit Fund Fees**

In general, each Fund pays Management Fees and Incentive Compensation, to Maranon or its related parties. The amount of Management Fees and Incentive Compensation, as well as the timing and manner of payment, is established on a case-by-case basis and set forth in the applicable Fund Agreement or Investment Management Agreement. As a general matter, Management Fees and Incentive Compensation will be payable during term extensions unless otherwise agreed with investors.

Fees and Incentive Compensation vary across Funds as specified in the applicable Fund Agreement. In some cases, fees paid will vary among investors in the same Funds. Fees and Incentive Compensation are negotiable and paid more or less frequently depending upon the terms of the applicable Fund Agreement or Investment Management Agreement. Maranon, at its sole discretion, can elect to reduce, rebate, waive or calculate differently the fees with respect to any investor. One of Maranon's Funds, the Maranon Mezzanine Executive Fund, L.P., which is no longer actively investing, does not pay any Management Fee or Incentive Compensation.

Certain Fund Agreements permit Maranon to waive or reduce a Fund's Management Fee. Certain waived portions of the Management Fee are treated by such Fund Agreement as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to the Fund. Limited Partners of an applicable Fund will generally be required to make a *pro rata* contribution according to their respective commitments to fund any contribution that would otherwise be required of the General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described below, and the amount of such waived or reduced Management Fees has the potential to be significant.

### **CLO Fees**

As more fully set forth in the governing documents of each CLO, Maranon Capital receives, to the extent that funds are available, a senior collateral Management Fee, a subordinated Management Fee and Incentive Compensation in the form of an incentive fee, each payable on each payment date or, in the case of the senior Management Fee and the subordinated Management Fee, to the extent there are not sufficient funds available therefor on such payment date, on a subsequent payment date. The senior Management Fee and subordinated Management Fee will accrue with interest if unpaid and will be payable on the next payment date on which funds are

available therefore. The Incentive Compensation is payable to Maranon or its related parties if and to the extent funds are available for such purpose, but will not be payable on any payment date or redemption date unless the CLO Equity has achieved the internal rate of return (“IRR”) thresholds set forth in the Indenture or Collateral Management Agreement, or if permitted by the governing documents of the applicable CLO, as otherwise agreed with the holders of the CLO Equity and/or variable dividend notes, as applicable. Fees are negotiated on a case-by-case basis and, as such, there will be no set CLO fee schedule.

### **Separate Account Fees**

Separate Account fees are negotiated on a case-by-case basis and vary across Clients based on the type of service provided, size of the account and the overall relationship between Maranon and the Client. Such fees will be set forth in the applicable Investment Management Agreement.

### **Other Fee Information**

Maranon and its related parties from time to time receive certain Third-Party Fees in connection with services provided to the Funds’ portfolio companies or with respect to investments. Certain Third-Party Fees will be apportioned among Maranon, its related parties and its Clients as set forth in the Fund Agreements or Investment Management Agreements. Such apportionment, if any, potentially could take the form of a reduction of such Client’s Management Fees or a direct credit to such Client. To the extent such fees are paid where multiple Clients or other investment vehicles managed by Maranon have invested, a Client will, in most cases, only benefit with respect to its allocable portion of any such fee (and only to the extent provided in the applicable Fund Agreement or Investment Management Agreement) and not the portion of any fee that relates to such other Clients or co-investors or other parties such as lenders or consultants that have negotiated for a share of such fees, which have the potential to be significant. Other Third-Party Fees likely would be solely for the account of Maranon or its related parties and not offset or paid or only a part of such fees would be offset or paid against the applicable Management Fee, as set forth in the applicable Fund Agreement or Investment Management Agreement. To the extent that an offset credit would reduce the Management Fee for the relevant period below zero, the credit will be carried forward for future application against payable Management Fees. Unless otherwise agreed with investors, Third-Party Fees generally will be payable without further offset during term extensions, even if Management Fees are reduced or eliminated during the extended term. Third-Party Fees will be offset only to the extent they are paid during the holding period of the relevant Fund, and investors generally will not receive the benefit of Third-Party Fees paid prior to the Fund’s acquisition of the relevant investment.

Maranon Capital, in its sole discretion, reserves the right to waive all or any portion of a Client’s Management Fees, and reserves the right to defer all or any portion of such Management Fees subject to certain limitations as provided in the applicable Fund Agreement or Investment Management Agreement.

Maranon and its related parties often receive Incentive Compensation. Such Incentive Compensation would typically constitute a percentage of appreciation or depreciation or net realized gains of the portfolio. To the extent a Client provides for Incentive Compensation, it is typically payable only if a specified return is achieved, as specified in the applicable Fund



Agreement, Investment Management Agreement, Indenture or Collateral Management Agreement. Maranon's receipt of Incentive Compensation is subject to the terms and conditions set forth in the applicable Fund Agreement, Investment Management Agreement, Indenture or Collateral Management Agreement that is provided to current and prospective Clients and investors who should review such documentation carefully before making any investment decision.

Principals or other employees of Maranon generally receive salaries and other compensation derived from the Management Fee, Incentive Compensation or other compensation received by Maranon Capital or its affiliates. In addition, employees, consultants or independent contractors of Maranon potentially will serve, in connection with a workout or otherwise, as directors of portfolio companies in certain circumstances, and any directors' fee or similar fee received in connection with such service will not be credited to any Client unless otherwise specified in the applicable Fund Agreement or Investment Management Agreement.

### **Expense Information**

In addition to any Management Fee and Incentive Compensation, Clients bear certain expenses. As set forth more fully in the applicable Memorandum and/or Fund Agreement, each Mezzanine Fund and Senior Credit Fund bears all fees, costs, expenses, liabilities and obligations relating to such Fund's (and its subsidiaries' and intermediate entities') activities, investments and business to the extent not reimbursed by portfolio companies or applied to reduce Management Fees, and potentially including, without limitation: (i) costs, expenses, liabilities and obligations attributable to the origination, identification and sourcing of investment opportunities for the applicable Fund, including attending and sponsoring industry conferences and events, meeting with consultants, finders, broker-dealers, investment banks and other sources of investments and developing and maintaining an investment pipeline, (ii) all costs, expenses, liabilities and obligations attributable to pursuing, structuring, organizing, negotiating, financing, refinancing, diligencing, acquiring, holding and disposing of the applicable Fund's investments and incurring or seeking to incur indebtedness (including any credit facility, letter of credit or similar credit support) (including without limitation, any subscription fees to any periodicals, databases and/or research services; interest and fees on money borrowed by or on behalf of the applicable Fund; registration expenses; brokerage, finders', custodial and other fees; loan accounting and servicing fees and expenses; and cash management systems and service provider expenses), (iii) legal, tax, accounting, auditing, insurance (including directors and officers and errors and omissions liability insurance), travel, meals, lodging, entertainment, printing, communication, marketing, litigation and indemnification costs and expenses, judgments and settlements, consulting, finders', financing, credit agreement sourcing, appraisal, filing, custodian, rating agency, valuation (including third-party valuations, fairness opinions, appraisals or pricing services), third party administrator and other fees and expenses (including, without limitation, expenses associated with the preparation and distribution of the Fund's financial statements, tax returns and Schedule K-1s or any other reporting to its investors and the seeking and/or obtaining amendments, waivers or consents pursuant to the constituent documents of the applicable Fund), (iv) expenses of the advisory committee, (v) costs, expenses, liabilities and obligations incurred by the applicable Fund, its General Partner or its affiliates relating to investment and disposition opportunities for the applicable Fund not consummated (including legal, accounting, auditing, insurance, travel, meals, lodging, entertainment, communication, marketing, consulting, finders', financing, appraisal, filing,

printing, real estate title and other fees and expenses), (vi) all costs, expenses, liabilities and obligations attributable to defaults by limited partners of the applicable Fund in the payment of any capital contributions, (vii) all costs, expenses, liabilities and obligations attributable to the termination, liquidation, winding up or dissolution of the applicable Fund and any entities owned directly or indirectly by such Fund (including portfolio companies and special purpose vehicles) and related entities, (viii) unreimbursed costs incurred in connection with any transfer or proposed transfer of Fund interests or any limited partner's name change, internal restructuring or change in trust, registered agent or custodian, (ix) all out-of-pocket fees and expenses incurred by the applicable Fund, its General Partner or any of their affiliates in connection with any conference or meeting of its investors or other contact with its investors (including travel, meals and entertainment), (x) taxes, fees and other governmental charges levied against the applicable Fund, (xi) any costs and expenses of or related to the "partnership representative" of the Fund (for tax purposes), (xii) placement fees, (xiii) costs and expenses that are classified as extraordinary expenses under GAAP, (xiv) all costs and expenses associated with operating any feeder vehicle to the Fund, including all expenses associated with its organization, management, operation, winding-up, liquidating and dissolution, and (xv) other expenses approved by the limited partner advisory committee for such Fund, but not ordinary overhead and administrative expenses of Maranon (such ordinary expenses include items such as employee compensation, rent, utilities and general office expenses). The Funds also bear expenses indirectly to the extent a portfolio company (or intermediate entity) pays expenses, including expenses of Maranon Capital and/or its affiliates; the relative percentage of these expenses that are borne by various stakeholders (including the relevant Fund, any co-investors, portfolio company management and other persons) is expected to depend upon the level at which such expenses are charged or incurred. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items. In certain cases, these or similar expenses (and/or Third-Party Fees) are expected to be charged to portfolio companies or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company.

Similarly, as set forth in its Memorandum and collateral management agreement ("Collateral Management Agreement"), each CLO bears all of its costs and expenses, including any cost and expenses reasonably incurred by Maranon Capital on its behalf, such as (i) the costs and expenses of Maranon Capital incurred in connection with the negotiation and preparation of the collateral management agreement and all other agreements and matters related to the issuance of Notes from such CLO; (ii) transfer fees necessary to register any collateral obligation in accordance with the indenture governing such Notes; (iii) fees and expenses in connection with the acquisition, management or disposition of collateral or otherwise in connection with such Notes or such CLO (including (a) investment related travel, communications and related expenses, (b) loan processing fees, legal fees and expenses and other expenses of professionals retained by Maranon Capital on behalf of such CLO and (c) amounts in connection with the termination, cancellation or abandonment of a potential acquisition or disposition of any collateral that is not consummated); (iv) taxes and governmental charges that may be incurred or payable by such CLO; (v) insurance premiums or expenses incurred in connection with the activities of such CLO by Maranon Capital; (vi) costs, fees and expenses incurred in connection with the rating of such Notes or obtaining ratings or credit estimates on the debt obligations that provide security for the Notes

(the “Collateral Obligations”), and communications with rating agencies; (vii) costs, fees and expenses incurred in connection with Maranon Capital's communications with CLO noteholders; (viii) costs and fees of one or more firms that provide software databases and applications for the purpose of modeling, evaluating and monitoring the collateral and such Notes pursuant to a licensing or other agreement; (ix) fees and expenses for services to such CLO in respect of the collateral relating to asset pricing and rating services; (x) expenses incurred to comply with any law or regulation related to the activities of such CLO and Maranon Capital to the extent relating to such CLO, Maranon Capital and the collateral; (xi) fees and expenses of any independent advisor employed to value or consider the Notes or the Collateral Obligations; and (xii) costs and expenses in connection with any amendment or supplement (including any proposed amendment or supplement) to the Collateral Management Agreement, documents governing such Notes and any other agreements executed in connection therewith.

Each Fund also generally will bear the costs of implementing, reporting (as applicable), monitoring and complying with investment guidelines and directives relating to the Fund's strategy, including in side letters relating thereto. Additionally, subject to applicable governing documents, a Fund typically will bear certain unreimbursed expenses of intermediate holding vehicles through which the Fund invests.

Separate Accounts bear similar expenses incurred in connection with the senior debt and other investments held in its account, as set forth in each Investment Management Agreement. Brokerage fees for Clients may be incurred in accordance with the practices set forth in “Brokerage Practices.”

From time to time and as permitted by the relevant Fund Agreement, Maranon expects to provide (or agree to provide) investment or co-investment opportunities to certain current or prospective investors or other persons, including other sponsors, market participants, finders, consultants and other service providers and certain other persons associated with Maranon Capital and/or its affiliates. Fees charged by Maranon to such co-investors and/or the share of Third-Party Fees apportioned to such co-investors often will differ among co-investors and are also likely to differ from the fees charged and Third-Party Fee apportionment share provided to Clients. From time to time, for various reasons, a co-investor or co-invest vehicle purchases a portion of an investment from one or more Clients after such Clients have consummated their investment in the portfolio company, which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Where appropriate, and in Maranon's sole discretion, Maranon reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Client for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Client.

Maranon and its affiliates use some of the same service providers as are retained for Clients. In some cases, rates or discounts are or will be offered to Maranon and its affiliates by these service providers which differ from those offered to Clients by such service providers. Where Maranon is in a position to control the cost of services, it seeks to obtain favorable rates or discounts extended to it to costs borne by Clients, to the extent such services are of a similar scope, type or nature. There is no assurance that Maranon will be successful in securing favorable rates or discounts for Clients. Certain expenses outlined above will be borne by Clients and not Maranon.

The Funds generally invest in illiquid assets on a long-term basis and the General Partner of each Fund can only be removed under limited circumstances as set forth in the applicable Fund Agreement. Accordingly, Management Fees and any other fees and expenses are expected to be paid, except as otherwise described in the applicable Fund Agreement, over the term of each Fund. A Fund's investors generally are not permitted to withdraw or redeem their interests.

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under "Fees and Compensation," Maranon in many cases receives Incentive Compensation as set forth in the applicable Fund Agreement or Investment Management Agreement for such Client. Each of these arrangements creates a variety of risks and conflicts, including, but not limited to, those described below.

Maranon's Incentive Compensation is structured to comply with applicable requirements of the Advisers Act. Such fees are disclosed in applicable client documentation and are expected to vary among Clients, investors and investment strategies. Because Incentive Compensation could be calculated on a basis which includes realized and unrealized appreciation and depreciation on all portfolio assets including those assets for which independent quotations are not readily available or are deemed to be unreliable, in those instances such assets are valued by Maranon in accordance with its valuation policy. Maranon has a conflict in determining such valuations because they directly impact Maranon's level of performance-based compensation. It is possible that identical assets in Client's accounts could be valued differently for different Clients. For example, this may occur when pursuant to relevant client documentation, valuation guidelines or valuation agents differ from one Client to another Client.

In the case of CLOs, Incentive Compensation is paid as a percentage of available cash flow not appreciation of assets, and only after CLO Equity holders have achieved a specified IRR (not appreciation of portfolio assets) consistent with the terms of the applicable Indenture or, if specified in the applicable governing documents, as agreed with the holders of CLO Equity and/or variable dividend notes, as applicable.

The receipt of Incentive Compensation, and the presence of different pecuniary interests in Client accounts, creates a potential conflict of interest between Maranon's interest to generate revenue for itself, and its personnel and affiliates, and the interest of Clients and investors. Specifically, performance-based compensation arrangements create an incentive for Maranon to make investments that are considered riskier or more speculative than those that would be otherwise recommended under a different fee arrangement. In most cases, the payment of performance-based compensation is dependent on portfolio performance creating an incentive for Maranon to make decisions which may conflict with the interests of some investors or, in the case of CLOs, Note holders or any class thereof. For example, the performance-based fee structure could create an incentive for the collateral manager of a CLO to take greater risks in order to maximize IRR for the CLO Equity holders, which will potentially conflict with the interests of investors holding Notes with higher creditworthiness like the Senior Notes. Focusing on increasing yield could result in potential defaults or volatility and could contribute to a decline in the creditworthiness of the portfolio. Client documentation typically contains specific investment guidelines and restrictions which seeks to constrain Maranon's discretion to select speculative investments. This is particularly relevant with respect to CLOs where the Indentures limit the

portfolios to certain types of investments, as well as required levels of diversification, minimum credit quality and concentration by industry and issuer.

Maranon also has an incentive to favor Clients paying higher fees or in which Maranon and its affiliates may have a greater pecuniary interest (e.g. in the form of a carried interest) when allocating investment opportunities. Additionally, to the extent that Maranon personnel are assigned varying percentages of Incentive Compensation from Clients that pay such compensation, such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Clients from which they are entitled to receive a higher percentage of Incentive Compensation. Maranon seeks to mitigate these conflicts through disclosure and implementing its allocation policy as described below.

“Side-by-side management” refers to the simultaneous management of multiple types of Client accounts and/or investment products. As discussed above, Maranon manages a variety of Clients who will pursue investment objectives, policies or strategies that are similar to, competing with, or complementary to one another. Side-by-side management gives rise to a variety of potential and actual conflicts of interest for Maranon and its affiliates and personnel, including the incentive to favor certain Clients with performance-based fees, higher fee-paying Clients or those Clients where Maranon and its affiliates and their respective personnel have a pecuniary interest. As further described in “Methods of Analysis, Investment Strategies and Risk of Loss -- Conflicts of Interest,” Maranon has an allocation policy designed to mitigate this conflict by seeking to allocate investment opportunities among eligible Clients in a manner deemed by Maranon to be fair and equitable under the circumstances. Many Maranon Clients have specific targeted investment strategies, investment objectives or risk parameters as described in their client documentation. Accordingly, such Clients have less flexibility to invest across multiple asset classes. In cases where there is a limited offering (which is the case for all investment opportunities considered by Maranon), eligible Clients will receive larger allocations or the entire allocation of an investment opportunity where Maranon determines, in its discretion and consistent with its allocation policies, that such opportunity aligns more with a Client’s specific investment target, investment guidelines, target returns or risk parameters and not with those of other Clients. The application of these considerations will result from time to time in non-pro rata allocation of an investment opportunity to some Clients (including Clients in which Maranon or its affiliates or their respective personnel have a direct or indirect pecuniary interest) when other Clients receive a smaller allocation or none.

## **TYPES OF CLIENTS**

Maranon Capital provides investment advice to Funds as well as other Clients, and references throughout this Brochure to Clients and to Maranon’s related duties to and practices on behalf of its clients and/or investors should be construed accordingly. Funds generally include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Other Clients (and indirectly, investors participating in Funds) generally include individuals, banks or thrift institutions, insurance companies, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities. Clients also from time to time include, directly or indirectly, principals or other employees of Maranon

Capital and its affiliates and members of their families, affiliates of Maranon or Eldridge or other service providers retained by Maranon Capital and/or its affiliates.

Fund investors generally are required to be accredited investors (as such term is defined in Regulation D promulgated under the Securities Act). In addition, for most Funds, investors are required to be qualified purchasers (as defined in the Investment Company Act). In the case of Notes issued by CLOs, investors are required to be either qualified purchasers or non-U.S. persons (as such term is defined in Regulation S promulgated under the Securities Act). Minimum investment amounts for Funds are set forth in the applicable client documentation. Minimum investment amounts and investor qualification standards for Separate Accounts and other Clients are determined on a case-by-case basis taking into account, among other things, the nature of the investment strategy and investment objectives. Accordingly, there is no set minimum amount for Separate Accounts and such amounts could vary. In addition, subject to the terms and conditions of the applicable Fund Agreements or Investment Management Agreements, Maranon reserves the right, in its discretion, to waive minimum investment amounts in certain circumstances.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **General**

Maranon's overall investment methodology is described below. Fund investors should review each Fund's private placement memorandum and the applicable Fund Agreement and Separate Account Clients should review the applicable Investment Management Agreement for more detailed information regarding the investment strategies to be employed in connection with and/or any investment restrictions that pertain to their particular investments. There can be no assurance that Maranon will achieve a Client's investment objectives and a loss of investment may be possible.

### **Investment Strategy**

Maranon typically targets investments in middle market companies. Maranon may seek to offer an integrated financing solution for such companies by managing two complementary, committed pools of capital. The Mezzanine Funds were formed to invest in mezzanine and non-control equity securities. Senior Products generally invest in floating rate senior secured first lien loans and to a lesser extent second lien loans. Generally, the Mezzanine Funds and Senior Products invest in the lower middle market (generally companies with \$3 to \$50 million of EBITDA and enterprise valuations of \$30 million to \$500 million). Investment targets for the Funds include private equity sponsored leveraged buyouts as well as non-sponsored transactions in partnership with management teams. In certain instances, Maranon may offer an integrated financing solution in partnership with other senior secured first and second lien debt providers in club and syndicated transactions.

Maranon may also take advantage of equity co-investment opportunities in situations that Maranon believes provide attractive investment return prospects. Any such equity co-investments will focus primarily on investment opportunities where Maranon believes the enterprise valuation and investment return prospects are more compelling than market norms.

Maranon sources Client investments through direct origination efforts focused on private equity firms, investment banks, business brokers, commercial lenders, accountants, lawyers and other centers of influence in the middle market.

Maranon focuses on risk management, high transaction selectivity and loan portfolio diversification. Maranon also builds portfolio diversity by transaction type and industry.

Maranon generally is the lead investor in Mezzanine Fund investments and seeks to be the lead investor when investing in Senior Credit. As a result, Maranon is often in a position to exert influence over the structure and terms of each investment. Maranon's investment professionals expect to be active members or observers of the boards of directors for portfolio companies in which a Fund makes a significant equity co-investment.

Additionally, from time to time and as permitted by the relevant Fund Agreement, Maranon expects to provide (or agree to provide) co-investment opportunities to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, investors or Clients and certain other persons associated with Maranon Capital and/or its affiliates. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Client making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from one or more Clients after such Clients have consummated their investment in the portfolio company.

Senior Credit IV, from time to time, temporarily acquires investments for a variety of reasons and such investments from time to time are sold to Clients or co-investors. Because Senior Credit IV is an affiliate of Maranon, such sales will require Client approvals in accordance with any applicable law and the applicable Fund Agreement.

## **Risks of Investment**

The Clients bear the risk of loss that Maranon's investment strategy entails. A prospective Client or investor in a Client should only invest with Maranon as part of an overall investment strategy and only if such investor is able to withstand a total loss of its investment. Prospective investors should not construe the performance of earlier investments by Maranon as providing any assurances regarding future performance.

Risks involved with Maranon's investment strategy and an investment in the Funds or in or by another Client include, but are not limited to, those described below. Fund investors should additionally review the applicable Memorandum for specific information regarding the risks associated with an investment in a given Fund, which are available to prospective investors prior to a Fund's closing and are available to existing investors upon request.

Integrated Financing. As part of Maranon's investing strategy, Maranon may use an integrated financing approach on select transactions and provides both senior and mezzanine capital in certain of its investments. Senior Products typically have a set capacity available for financing of senior loans. In addition, Senior Product funding commitments made by a Separate Account may be terminated under certain situations by the Separate Account client, generally involving significant adverse events with respect to the investments held in the Separate Account.

Maranon may require additional senior financing capacity to implement its integrated financing approach.

Business Risks. A Client's investment portfolio consists primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses. There is generally no publicly available information available about these businesses.

Future and Past Performance. The performance of Maranon's principals' prior investments and a Client's performance to date is not necessarily indicative of its future results. While Maranon intends for each Client to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that a targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Leveraged Nature of Investments. The portfolio companies in which a Client is permitted to invest have the potential to be highly leveraged, thereby increasing the degree of credit risk inherent in each investment. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs or to pay principal and interest on a Client's investments when due. The leveraged capital structure of portfolio companies increases the exposure of a Client's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Client's investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Client. A Client's investments may be unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured and bear floating interest rates. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Client may suffer a partial or total loss of capital invested in the portfolio company, which would adversely affect the returns of such Client. Furthermore, the companies and securities in which a Client invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant governing documents, a Client will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Client's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

Prepayment of Investments. The stated maturity of traditional mezzanine investments is generally six to eight years, and the stated maturity of senior credit investments is generally five to six years. However, Maranon expects that borrowers will generally prepay their mezzanine and/or senior credit loans earlier than the stated maturity. The life of a traditional mezzanine or senior credit investment can be substantially shorter, particularly for well performing credits. Early prepayment, particularly by well performing issuers, reduces a Client's opportunity to make long-term compounded returns. Conversely, a lack of early prepayment, particularly by weaker issuers, can result in a Client's capital remaining in investments which may have a greater risk of default. Either way, the shortening or lengthening of the holding period may prevent a Client from realizing its objectives.



Investing in Participation Interests. In the event that a Client may acquire interests in loans indirectly by purchasing a participation interest from the selling institution, holders of participation interests are subject to additional risks not applicable to a holder of a direct interest in a loan. In the case of a participation interest, a Client will generally have the right to receive payments of principal, interest and any fees to which it is entitled only from the institution selling the participation and only upon receipt by such selling institution of such payments from the borrower. Accordingly, a Client generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, may not have rights of set off against the borrower, and may not directly benefit from the collateral supporting the loan in which it has purchased the participation interest. In addition, a Client may purchase a participation interest from a selling institution that does not itself retain any portion of the applicable loan and, therefore, may have limited interest in monitoring the terms of the loan agreement and the continuing creditworthiness of the borrower. Selling institutions voting or consenting in connection with such matters may have interests different from those of the Client and may fail to consider the interests of the Client in connection with their votes or consents.

Non-Payment of Principal and Interest; Adequacy of Collateral. The Clients' investments are subject to the risk of non-payment of scheduled interest or principal by the applicable issuers. Such non-payment would likely result in a reduction of income to the Clients and a reduction in the value of the loans experiencing non-payment. Although a Client may invest in portfolio companies that Maranon believes are secured by specific collateral the value of which typically exceeds the principal amount of the investment at the time of initial investment, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. In addition, in the event of bankruptcy of a borrower, a Client could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing an investment a portfolio company. Under certain circumstances, collateral securing an investment in a portfolio company may be released without the consent of a Client. Moreover, a Client's first lien loans (if any) may be unperfected for a variety of reasons, including the failure to make required filings by lenders and, as a result, a Client may not have priority over other creditors as anticipated.

Many secured credit loan documents contain accordion and other provisions allowing the borrower to increase borrowing capacity under such credit facilities and/or incur additional debt outside of such credit facilities, which could dilute the value of the collateral securing such borrowing and increase the risk that the Client's loans would be undersecured. The loan documents may also allow the borrower to sell or otherwise transfer assets outside of the collateral package (and cause the release of liens thereon), which could result in reduction of enterprise value of the borrower and/or increase the risk that the Client's loans would be undersecured.

In certain cases, the borrower and a majority (or other requisite subset of lenders) may also agree to amend the loan documents to permit certain actions that may be adverse to the interests of a Client, in each case, without the Client's consent. These actions may include, without limitation, (i) the sale or other transfer of material assets outside of the collateral package securing the Client's loans, (ii) the release of liens on such material assets, (iii) an increase to debt incurrence capacity, (iv) the incurrence of superpriority debt, or (v) the subordination of payment and/or lien priority of any existing loans, including the Client's loans. Furthermore, in the event

of a filing by an issuer under chapter 11 of the Bankruptcy Code, the borrower is authorized to obtain additional financing by granting creditors a superpriority lien on its assets, senior even to liens that were first in priority prior to the filing, as long as the borrower provides “adequate protection” (as determined by the presiding bankruptcy judge) that may consist of the grant of replacement or additional liens or the making of cash payments to the affected secured creditor (the foregoing and other similar actions, collectively, the “Specified Actions”). The transfer of material assets outside of the collateral package, incurrence of additional indebtedness, subordination of payment and/or lien priority on a Client’s collateral, both before or in a bankruptcy would adversely affect the priority of the liens and claims held by the Client and could adversely affect the Client’s recovery on its debt investments.

In other circumstances, a Client and/or its affiliates may lead and/or participate in the subset of lenders taking one or more Specified Actions, which may adversely affect the priority of liens and claims held by the non-participating lenders or claimholders, adversely affect the recovery of their investments, or otherwise have an adverse effect on their interests or claims. The Client may be subject to litigation in connection with its participation in Specified Actions. The outcome of such proceedings may materially adversely affect the value of the Client and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of Maranon’s time and attention, and that time and allocation of resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

Priority of Repayment. The characterization of an investment as senior debt or senior secured debt does not mean that such debt will necessarily have repayment priority with respect to all other obligations of a borrower. Borrowers may have, and/or may be permitted to incur, other debt and liabilities that rank equally with or senior to the senior loans in which a Client invests. If other indebtedness is incurred that ranks in parity in right of payment or proceeds of collateral with respect to senior loans in which a Client invests, the Client would have to share on an equal basis any distributions with other creditors in the event of a liquidation, reorganization, insolvency, dissolution or bankruptcy of such a borrower. Where a Client holds a first lien to secure senior indebtedness, the borrowers may be permitted to issue other senior loans with liens that rank junior to the first liens granted to the Client. The intercreditor rights of the holders of such other junior lien debt may, in any liquidation, reorganization, insolvency, dissolution or bankruptcy of such a borrower, affect the recovery that the Client would have been able to achieve in the absence of such other debt.

Even where the senior loans held by a Client are secured by a perfected lien over a substantial portion of the assets of a borrower and its subsidiaries, the borrower and its subsidiaries will often be able to incur a substantial amount of additional indebtedness, which may have an exclusive lien over particular assets. For example, debt and other liabilities incurred by non-guarantor subsidiaries of borrowers will be structurally senior to the debt held by a Client. Accordingly, any such debt and other liabilities of such subsidiaries would, in the event of liquidation, dissolution, insolvency, reorganization or bankruptcy of such subsidiary, be repaid in full before any distributions to an obligor of the loans held by a Client. Furthermore, these other assets over which other lenders have a lien may be substantially more liquid or valuable than the assets over which a Client has a lien. A Client’s investments in second-lien secured debt would further compound the risks described in this paragraph.

Non-controlling Investments. Each Client will principally hold debt obligations and other non-controlling interests in portfolio companies and, therefore, will have a limited ability to protect each Client's position in such portfolio companies. Maranon seeks appropriate creditor and shareholder rights to help protect the applicable Client's interest.

Concentration of Investments. The Clients participate in a limited number of investments and may seek to make several investments in one industry or one industry segment, or within a short period of time. As a result, each Client's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return.

Lack of Sufficient Investment Opportunities. It is possible that a Client will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying, structuring and completing mezzanine or senior credit transactions is highly competitive and involves a high degree of uncertainty. Each Client competes for investments with other private investment vehicles (particularly those focused on mezzanine or senior credit investments), as well as individuals, financial institutions and other institutional investors. In addition, companies seeking an infusion of capital may choose to draw upon the public debt or equity markets, or with regard to a Client with a Mezzanine strategy, obtain first and/or second lien debt financing, instead of issuing privately placed mezzanine securities. However, regardless of the extent to which the commitments of investors in certain Funds and other Clients are invested (or drawn down to be invested) such Fund investors and other Clients typically will be required to bear annual management fees during the applicable investment period based on the entire amount of their commitments and other expenses as set forth in the applicable Fund Agreement or other governing agreement.

Illiquidity; Lack of Current Distributions. In general, Client investments in Senior Credit, Mezzanine and Equity Co-Investments should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating each Client (including the annual management fee payable, if any) may exceed its income, thereby requiring that the difference be paid from the applicable Client's capital.

Leveraged Investments. If permitted by the applicable governing documents, Clients (such as the Funds pursuing a Mezzanine strategy) are permitted to make use leverage by incurring debt to finance an investment in a given portfolio company or intermediate entity pending receipt of capital contributions from the Client's investors pursuant to a capital call notice. Furthermore, if permitted by the applicable governing documents, Clients may use leverage by incurring debt to finance an investment in a given portfolio company. The use of leverage will magnify the volatility of changes in the value of the investments of a Client in a market that moves adversely to their investments could result in substantial losses to such Client, which would be greater than if such Client did not use leverage. In connection with borrowing, a Client may use credit facilities for the purchase or implementation of certain investments or for other portfolio management purposes.

Should such credit facilities be utilized, such Client would incur additional interest and other expenses with respect to such facilities. Any such credit facility provider that permits the use of Client assets as collateral for such credit facility may require the sale or liquidation of Client assets held by it as collateral after default by such Client pursuant to the agreement with such credit facility provider. Events of default under any such credit facility may include, among other things, failure to pay amounts due under such credit facility, failure to inform the credit facility provider of certain events with respect to the Client, failure to provide the credit facility with certain periodic reports and financial statements, breach by the Client of other representations and covenants contained in credit facility documentation and other similar terms. In such instances, the credit facility provider may take any such action without notice to the Client or Maranon. If any such credit facility provider were to require such Client to sell or liquidate assets or otherwise act to realize on such collateral, these actions will constrain the operational capabilities of such Client and have adverse tax and economic effects on such Client. In connection with any financing or other borrowing transaction, Maranon reserves the right, at its option, to pledge or assign any or all of the assets of the applicable Client, including the right to call the unfunded commitments of such Client's investors as security for any financing incurred directly or indirectly by such Client. In addition, investors in such Client may be required to honor capital calls made by the lender in accordance with applicable documentation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for Fund investors to make contributions to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of Maranon and its affiliates. Conflicts of interest also have the potential to arise to the extent that a Fund-level credit facility is used to make an investment that is later sold in part to co-investors, as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the Fund-level credit facility and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

Subscription Lines. A Fund generally is permitted to enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects its limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from a Fund's limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against a Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in additional Fund expenses that will be borne by its limited partners. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to the maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the applicable Fund Agreement, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's

cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for Limited Partners to make contributions to the Fund, or results in short-term gains to a Fund, which, in certain circumstances, enhances the Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's Incentive Compensation arrangements will be met. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the governing documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing funds), as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor its investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Fund and its limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in the Fund or impose concentration or other limits on the Fund's investments, and/or financial or other covenants, that could affect the implementation of the Fund's investment strategy. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more Limited Partners. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company or other Fund subsidiary is expected to bear higher rates under a facility than are borne by the Fund, resulting in a potential net benefit to the Fund, or additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows a General Partner to fund investments and pay Fund expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by the Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partners to meet the accumulated, larger capital calls at the same time. Unless otherwise specified in the applicable Fund Agreement, a

General Partner is authorized to use Fund-level borrowing to pay Management Fees and to reimburse Maranon for expenses incurred on behalf of the applicable Fund. A Fund typically is also permitted to utilize Fund-level borrowing when its General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, its limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

If an investment appreciates in value and is disposed of prior to repayment, the relevant Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, the absence of invested capital funded by limited partners potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to limited partners and increase the potential carried interest for the relevant General Partner, as reduced by the interest incurred by the relevant Fund. Subject to any limitations in the governing documents, this scenario potentially incentivizes the relevant General Partner to permanently fund the acquisition and ongoing capital needs of a Fund's investments and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never, if principal and interest on such borrowings are always repaid out of disposition proceeds).

Restricted Nature of Investment Positions. Generally, there is no readily available market for a substantial number of the Clients' investments, and hence, most of the Clients' investments are difficult to value. Certain investments may be distributed in kind to a Client's owners and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such owners. After a distribution of securities is made to a Client's owners, many such owners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such owners may be lower than the value of such securities determined pursuant to the applicable governing documents, including the value used to determine the amount of carried interest available to Maranon (if any) with respect to such investment.

Origination Activities. Clients generally intend to engage in the origination of debt financing. When engaging in such activities, a Client will be subject to applicable laws in each jurisdiction in which such activities take place. Such laws are frequently highly complex and may include licensing requirements. The licensing processes can be lengthy and can be expected to subject an originator to increased regulatory oversight. In some instances the process for obtaining a required license or exception certificate may require disclosure to regulators or to the public of information about the Client, its direct or indirect investors, its investments, its business activities, its management or controlling persons or other matters. Such disclosures may provide competitors with information that allows them to benefit at the expense of the Client, which could have a material adverse effect on the Client. Failure, even if unintentional, to comply fully with applicable laws may result in sanctions, fines, or limitations on the ability of the Client, Maranon or affiliates of the foregoing to do business in the relevant jurisdiction or to procure required licenses in other jurisdictions, all of which could have a material adverse effect on the Client.

Usury Limitations. Interest charged on loans owned by a Client may be subject to state usury laws imposing maximum interest rates and penalties for violation, including restitution of excess interest and unenforceability of debt.

Failure to Syndicate or Participate. The Fund may originate loans with the intention of selling a portion of the Fund's interests in such loans to co-investors and/or third parties. In the event that the Fund does not or is unable to syndicate a loan or loans, the Fund may be forced to retain larger amounts of such loan or loans than originally intended. In such event, the Fund's investment portfolio could become significantly concentrated in a particular loan or loans.

Borrower Fraud. Of paramount concern in investments in loans is the possibility of material misrepresentation or omission on the part of the borrower. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or enterprise value of the companies or may adversely affect the ability of a Client to perfect or effectuate a lien on any collateral securing the loan. Each Client will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable when it makes its investment decisions, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to a Client may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Breach of Covenant. Each Client will generally seek to obtain structural, covenant and other contractual protections with respect to the terms of its investments as determined appropriate under the circumstances. There can be no assurance that such attempts to provide downside protection with respect to its investments will achieve their desired effect and potential investors should regard an investment in a Client as being speculative and having a high degree of risk.

Unfunded Loans. A Client's investments may be comprised of loan commitments that are unfunded at the time of investment. A loan commitment is a written agreement in which the lender commits itself to make a loan or loans up to a specified amount within a specified time period. The loan commitment sets out the terms and conditions of the lender's obligation to make the loans. The portion of the amount committed by a lender under a loan commitment that the borrower has not drawn down is referred to as "unfunded." A lender typically is obligated to advance the unfunded amount of a loan commitment at the borrower's request, subject to certain conditions regarding the creditworthiness of the borrower. Borrowers with deteriorating creditworthiness may continue to satisfy their contractual conditions and therefore be eligible to borrow at times when the lender might prefer not to lend. In addition, a lender may have assumptions as to when a company in which a Client invests may draw on an unfunded loan commitment when the lender enters into the commitment. If the borrower does not draw as expected, the commitment may not prove as attractive an investment as originally anticipated. Further, any failure to advance requested funds to a company in which a Client invests could result in possible assertions of offsets against amounts previously lent.

Risks of Physical Assets. A Client may become involved in transactions which result in the ownership of physical assets (typically collateral for secured loans and bonds). In such cases, such Client will be subject to all the risks inherent in owning physical assets.

Limited Amortization Requirements. Certain investments may have limited mandatory amortization requirements. While these investments may obligate the corresponding borrower to repay the investment out of asset sale proceeds or with annual excess cash flow, repayment requirements may be subject to substantial carve outs that would allow the borrower to retain such asset sale proceeds or cash flow, thereby extending the expected weighted average life of the investment. In addition, a low level of amortization of any debt over the life of the investment may increase the risk that a borrower will not be able to repay or refinance the loans held by the Client when it matures.

Reliance on Maranon and Portfolio Company Management. Control over the operation of each Fund is vested entirely with its General Partner, and each Client's profitability depends largely upon the business and investment acumen of the principals of Maranon (the "Principals"). The loss of service of one or more of the Principals could have an adverse effect on a Client's ability to realize its investment objectives. In addition, the Principals may in the future manage other investment funds or investment vehicles besides the existing Clients and the Principals may need to devote substantial amounts of their time to the investment activities of such other Clients, which may pose conflicts of interest in the allocation of the time of the Principals. Fund Limited Partners, and Clients with Separate Accounts generally have no right or power to take part in the management of the applicable Clients, and as a result, the investment performance of each Fund and most Separate Accounts will depend entirely on the actions of Maranon. Although Maranon will monitor the performance of each Client's investments, it is primarily the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although the Clients generally intend to invest in companies with strong management, there can be no assurance that the existing management of such companies is strong or will continue to operate a company successfully. In addition, certain changes in Maranon or circumstances relating to Maranon may have an adverse effect on the applicable Client or one or more of its portfolio companies including potential acceleration of debt facilities.

Financial Workout Issues. A Client may (through Maranon) participate on committees formed by creditors to negotiate the management of financially troubled obligors that may or may not be in bankruptcy. If a Client does join a creditors' committee, the participants of the committee would be interested in obtaining an outcome that is in their respective individual best interests and there can be no assurance of obtaining results most favorable to the Client in such proceedings. By participating on such committees, the Client may be deemed to have duties to other creditors represented by the committees, which might expose the Client to liability to such other creditors who disagree with the Client's actions.

Projections. Projected operating results of a company in which a Client invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by Maranon in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.



Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity/debt industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Client's activities, including the ability of a Client to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of such scrutiny of private equity/debt firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity/debt firms, contributed to the downturn in the U.S. and global financial markets, may complicate or prevent a Client's efforts to structure, consummate and/or exit investments. As a result, a Client may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have. In addition, there are various final and proposed regulations by the SEC and other federal regulatory agencies that, as enacted or if enacted, as applicable, do or could significantly alter the manner in which asset-backed securities, including securities similar to the notes issued to investors in the CLOs, are issued and structured and increase the reporting obligations of the issuers of such securities. Given the broad scope and sweeping nature of these changes and the fact that not all final implementing rules and regulations have been enacted, the potential impact of these actions on the CLOs or its investors is unknown, and no assurance can be made that the impact of such changes would not have a material adverse effect on the prospects of the CLOs or the value or marketability of the notes issued by them. In particular, if existing transactions are not exempted from certain of such new rules or regulations, the costs of compliance with such rules and regulations could have a material adverse effect on the CLOs and its investors.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Client may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that the applicable Client will make follow-on investments or that such Client will have sufficient funds to make all or any of such investments. Any decision by a Client not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including, in the case of Equity Co-Investments, an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for such Client to increase its participation in a successful operation or the dilution of such Client's ownership in a portfolio company if a third party invests in such portfolio company.

Non-U.S. Investments. A Client may invest a portion of its aggregate commitments in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Client and/or its owners with respect to such Client's income, and possible non-U.S. tax return filing requirements for a Client and/or its owners.

Incentive Compensation. As discussed in more detail above, the fact that Maranon's Incentive Compensation, if any, is based on Client performance creates a potential incentive for Maranon to cause a Client that pays Incentive Compensation to make riskier or more-speculative investments or to hold an investment longer than would otherwise be the case.

Director Liability. In certain circumstances, a Client may receive the right to appoint a representative to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors of a portfolio company exposes such Client's representatives, and ultimately such Client, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Client's investment activities.

Phantom Income. Certain of a Client's portfolio investments may be issued with "original issue discount" and may result in the receipt of ordinary interest or dividend income without a corresponding receipt of cash or property. Consequently, an investor's share of taxable income of a Client for a particular period (and possibly the income tax payable with respect to that income) may exceed the cash or other property distributed by such Client to such investor in respect of that period.

Uncertain Economic and Political Environment. The current global economic and political climate is one of uncertainty. Prior acts of terrorism in the United States, the threat of additional terrorist strikes, the fear of a prolonged global conflict and viral and disease outbreaks and epidemics have exacerbated volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken, increasing the risk of a "self-reinforcing" economic downturn. The availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, continues to be restricted. This may have an adverse effect on the economy generally and on the ability of the Clients and their portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. Furthermore, such uncertainty may have an adverse effect upon portfolio companies in which the Clients make investments.

Environmental, Social and Governance ("ESG") Matters. Maranon maintains an ESG policy and seeks to integrate certain ESG factors into its investment process in accordance with its policy and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements. There is no guarantee that Maranon will be able successfully to implement its ESG policy while achieving its investment strategy. In addition, applying ESG factors to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by Maranon, or any judgment exercised by Maranon, will reflect the beliefs or values of any particular investor. There are also significant differences in interpretations of what ESG characteristics mean by region, industry and topic, as well as the interpretations of their scope and materiality. Maranon's interpretations and decisions are expected to differ from others' views and could also evolve over time. In addition, in evaluating an investment, Maranon expects to depend upon information and data provided by a number of sources, including the relevant investments

and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause Maranon to incorrectly assess a company's ESG practices and/or related risks and opportunities. Maranon does not intend independently to verify all ESG information reported by investments or third parties. Further, considering ESG qualities when evaluating an investment could result in the selection or exclusion of certain investments based on Maranon's view of certain ESG-related and other factors and could cause the relevant Clients not to make an investment that they would have made or to make a management decision with respect to an investment differently than they would have made in the absence of the ESG Policies. For avoidance of doubt, however, Maranon does not expect to subordinate a Client's investment returns or increase a Client's investment risks as a result of (or in connection with) the consideration of any ESG factors.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and Maranon's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors. Maranon's ESG policies could become subject to additional regulation in the future, and Maranon cannot guarantee that its current approach will meet future regulatory requirements or predict the manner in which any such future requirements (including any enforcement with respect thereto) could affect a Client or its investments, including with respect to future administrative burdens and costs. Market Conditions. Any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates could have a negative impact on the performance and/or valuation of the portfolio companies. A Client's performance can be affected by deterioration in public markets and by market events, such as the onset of the COVID-19 pandemic in 2020 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Client's performance. The value of publicly traded securities may be volatile and difficult to sell as a block, even following a realization through listing. The impact of market and other economic events may also affect a Client's ability to raise funding to support its investment objective and also the level of profitability achieved on realizations of investments.

Public Company Holdings. Unless otherwise specified in the applicable governing agreement, each Client's investment portfolio may contain equity and debt securities issued by publicly held companies. Such investments may subject each Client to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of each Client to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the Principals, and increased costs associated with each of the aforementioned risks.

Limited Access to Information. Certain Clients' and Fund investors' rights to information regarding a Fund, the relevant manager or Maranon generally will be specified, and in many cases strictly limited, by the relevant Fund Agreement or Investment Management Agreement. In particular, it is anticipated that Maranon will obtain certain types of material information from or

relating to a Client's investments that will not be disclosed to the Client, or where applicable, the investors in a Fund, because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of Maranon's control. Decisions by Maranon or its affiliates to withhold information may have adverse consequences for Fund investors or applicable Clients in a variety of circumstances. For example, a Fund investor that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a Fund investor and certain other Clients to monitor Maranon and its performance. Additionally, it is anticipated that Fund investors that designate representatives to participate on a Fund's advisory committee generally may, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other Fund investors. Fund investors generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and Maranon reserves the right to withhold certain information from investors and certain Clients subject to such laws for reasons relating to Maranon's public reputation, business strategy or other reasons.

**Financial Institution Risk; Distress Events.** An investment in a Client is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a "Financial Institution") of some or all of the Client's (or any portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "**Distress Event**"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, Maranon, any General Partner, the Clients and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of Maranon to manage the Clients and their investments, and on the ability of Maranon, any Client or any portfolio company to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Client is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the Client to access capital contributions or otherwise); the inability of the Client to acquire or dispose of investments, including at prices that the relevant General Partner believes reflect the fair value of such investments; and/or the

inability of Maranon or portfolio companies to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that Maranon will experience operational burdens and expenses, and a Client or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that Maranon will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The Clients and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a Client or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a Client, its investors or such portfolio companies, including the risk of investor defaults.

Many Financial Institutions require, as a condition to using their services (including lending services), that Maranon and/or the relevant Client maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although Maranon seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Clients, Maranon is under no obligation to use a minimum number of Financial Institutions with respect to any Client, or to maintain account balances at or below the relevant insured amounts.

Valuation of Investments. Generally, Maranon will determine the value of all the related Client's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Client's investments because, among other things, the securities of portfolio companies held by such Client generally will be illiquid and not quoted on any exchange. Maranon will determine the value of all a Client's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States, or as otherwise specified in the relevant governing agreement for the Client. There can be no assurance that Maranon will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of Maranon with respect to an investment will represent the value realized by the relevant Client on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by Maranon may cause it to ineffectively manage the relevant Client's investment portfolios and risks, and may also affect the diversification and management of such Client's portfolio of investments. In addition, the valuation of the same investment may differ for different Clients in circumstances in which one or more Clients require specific valuation procedures that differ from the valuation procedures generally used for other Clients.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. To the extent that a portfolio company, Fund, General Partner, Maranon Capital or one or more of their respective service providers is subject to cyber-

attack or other unauthorized access is gained to their systems, substantial losses may occur in the form of stolen, lost or corrupted: (i) data or payment information; (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; or (v) other items. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, Maranon, the General Partners, the Funds and/or portfolio companies may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Maranon's, the General Partners', the Funds', portfolio companies' and/or service providers' operations, including the ability to make distributions to limited partners, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). In certain events, a failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Maranon or one of its service providers holding its financial or investor data, Maranon, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under Maranon's policies and practices.

Nature of Investment in Senior Loans. The assets of a Senior Product will primarily be in floating rate senior, first and second lien secured loans. The factors affecting an issuer's first and second lien loans, and its overall capital structure, are complex and may differ from the general structure outlined in the applicable Memorandum or other offering document, if any. Some first lien loans may not necessarily have priority over all other indebtedness of an issuer. For example, some first lien loans may permit other secured obligations (such as overdrafts, swaps or other derivatives made available by members of the syndicate to the company or sale and leaseback transactions, capital leases, purchase money debt, or other facilities made available by members of the syndicate or other unrelated parties to the company), or involve first liens only on specified assets of an issuer. Issuers of first lien loans may have two tranches of first lien debt outstanding each with first liens on separate collateral. Furthermore, the liens referred to herein generally only cover domestic assets and non-U.S. assets are not included (other than, for example, where a borrower pledges a portion of the stock of first-tier non-U.S. subsidiaries). In the event of chapter 11 filing by an issuer, title 11 of the United States Code (11 U.S.C. §§ 101 - 1532) (the "Bankruptcy Code") authorizes the issuer to use a creditor's collateral and to obtain additional credit by grant of a priority lien on the issuer's property, senior even to liens that were first in priority prior to the bankruptcy filing, as long as the issuer provides what the presiding bankruptcy judge considers to be "adequate protection," which may, but need not always, consist of the grant of replacement or additional liens or the making of cash payments to the affected secured creditor. The imposition of prior liens on a Senior Product's collateral would adversely affect the priority of the liens and

claims held by a Senior Product and could adversely affect a Senior Product's recovery on its loans.

Any secured debt is secured only to the extent of its lien and only to the extent of underlying assets or incremental proceeds on already secured assets. Moreover, underlying assets are subject to credit, liquidity, and interest rate risk. Although the amount and characteristics of the underlying assets selected as collateral may allow a Senior Product to withstand certain assumed deficiencies in payments occasioned by the borrower's default, if any deficiencies exceed such assumed levels or if underlying assets are sold it is possible that the proceeds of such sale or disposition will not be equal to the amount of principal and interest owing to a Senior Product in respect to its loans.

Further, loans may become non-performing for a variety of reasons. Upon a bankruptcy filing by an issuer of debt, the Bankruptcy Code imposes an automatic stay on payments of its pre-petition debt. Non-performing debt obligations may require substantial workout negotiations, restructuring or bankruptcy filings that may entail a substantial reduction in the interest rate, deferral of payments and/or a substantial write-down of the principal of a loan or conversion of some or all of the debt to equity. If an issuer were to seek relief under chapter 11 of the Bankruptcy Code, the Bankruptcy Code authorizes the issuer to restructure the terms of repayment of a class of debt even if the class fails to accept the restructuring as long as the restructured terms are "fair and equitable" to the class and certain other conditions are met.

Senior secured credit facilities are generally syndicated to a number of different financial market participants. The documentation governing the facilities typically requires either majority consent or, in certain cases, unanimous approval for certain actions in respect of the credit, such as waivers, amendments, or the exercise of remedies. In addition, voting to accept or reject the terms of a restructuring of a credit pursuant to a chapter 11 plan of reorganization is done on a class basis. As a result of these voting regimes, a Senior Product may not have the ability to control any decision in respect of any amendment, waiver, exercise of remedies, restructuring or reorganization of a Senior Product's loan investments.

Senior secured loans are also subject to other risks, including (i) the possible invalidation of an debt or lien as a "fraudulent conveyance," (ii) the recovery as a "preference" of liens perfected or payments made on account of a debt in the 90 days before a bankruptcy filing, (iii) equitable subordination claims by other creditors, (iv) so-called "lender liability" claims by the issuer of the obligations and (v) environmental liabilities that may arise with respect to collateral securing the obligations. It is possible that a secondary loan market participant can be denied a recovery from the debtor in a bankruptcy if a prior holder of the loans either received and does not return a preference or fraudulent conveyance or engaged in conduct that would qualify for equitable subordination.

Nature of Mezzanine and Other Subordinated Investments. Certain of a Client's investments may consist of loans, securities and/or other instruments, or interests in pools of securities and/or other instruments that are subordinated or may be subordinated in right of payment and ranked junior to other securities and/or instruments issued by, or loans made to, obligors. Mezzanine and other subordinated debt investments involve a high degree of risk with no certainty of any return of capital. Although subordinated debt is senior to common stock and

other equity securities in the capital structure, it may be subordinated to large amounts of senior debt and are often unsecured.

While subordinated debt investments may benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of such investments and may benefit from cross-default provisions, some or all of such terms may not be part of particular investments. In addition, the ability of the subordinated debt holders to influence a company's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the mezzanine debt or other exercises by the subordinated creditors of their rights. Accordingly, a Client may not be able to take the steps necessary to protect its investments in a timely manner or at all. Further, the unsecured debt in which a Client may invest may not be protected by financial covenants or limitations upon additional indebtedness, could have limited liquidity and may not be rated by a credit rating agency.

Subordinated debt investments may increase a Client's exposure to adverse economic factors, such as significantly rising interest rates, severe downturns in the economy or deterioration in the condition of the portfolio company on the subordinated debt investment. Conversely, mezzanine loans and other subordinated debt investments are often less risky than equity investments because the claims of subordinated debt investors are typically senior to those of equity holders in the company. In the event that any portfolio company on a mezzanine loan or other subordinated debt investment is unable to generate sufficient cash flow to meet the principal and interest payments on its indebtedness, the value of a Client's investment in such loan could be significantly reduced or even eliminated.

If a portfolio company becomes subject to insolvency proceedings in any jurisdiction, the rights of holders of mezzanine and subordinated debt may be adversely affected. Such proceedings and related laws and remedies may vary substantially from jurisdiction to jurisdiction, may create the right of such portfolio company to avoid certain unfavorable contracts or obligations and may result in significant delay and/or limitations on repayment of amounts owed to a Client. With respect to a Client's investments in the form of subordinated debt instruments, upon any distribution to the relevant borrower's creditors in a bankruptcy, liquidation or reorganization or similar proceeding, the holders of such borrower's senior and/or secured indebtedness (to the extent of the collateral securing such obligation) will be entitled to be paid in full before any payment may be made on a Client's investment. In the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to such a borrower, a Client will typically participate with all other holders of such borrower's indebtedness in the assets remaining after the borrower has paid all of its senior and/or secured indebtedness (to the extent of the collateral securing such obligation). Such borrower may not have sufficient funds to pay all of its creditors, and the Client may receive nothing, or less, ratably, than the holders of senior and/or secured indebtedness of such borrower or the holders of indebtedness that is not subordinated.

Investments in Equity Securities. A Client may hold equity securities or derivatives issued thereon by, or written with respect to, the companies (or their affiliates) in whose loans such Client has invested. Such equity securities and derivatives may take various forms, including, but not limited to, common stock, preferred stock, warrants, convertible securities, equity options and



other equity or hybrid equity securities. Equity securities generally represent the most junior position in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the directors of the issuer, out of the issuer's income or other assets available, if any, after making interest, dividend and any other required payments on more senior securities of the issuer. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality. In the event of a liquidation of the issuing company, holders of convertible securities would be paid after the company's creditors but before the company's common stockholders. Consequently, the issuer's convertible securities generally may be viewed as having more risk than its debt securities, but less risk than its common stock. In general, options, warrants, stock purchase rights and other similar instruments are securities or instruments granting the right to or otherwise permitting, but not obligating, their holders to subscribe for equity securities, and they do not represent any rights in the assets of the issuer. As a result, options, warrants, stock purchase rights and other similar securities or instruments may be considered more speculative than other types of equity investments.

United Kingdom Exit from the European Union (the "EU"). The UK formally left the EU on January 31, 2020 ("Brexit"), and entered a transition period that ended on December 31, 2020. On December 30, 2020, the UK government and the EU Commission signed a trade and cooperation agreement governing their future relationship, which, following a ratification process, is expected to apply on a provisional basis through an additional transition period. However, this agreement does not include an agreement on financial services and, as a result, UK firms in the financial sector have more limited access to the EU market than prior to Brexit and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

As a result of the onshoring of EU legislation in the UK, UK firms are currently subject to many of the same rules and regulations as prior to Brexit. However, the UK government has stated its intention to recast onshored EU legislation as part of UK legislation and regulation, which could result in substantive changes to regulatory requirements in the UK. It remains to be seen to what extent the UK may elect to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time. It is possible that the EU may respond to UK initiatives by restricting third-country access to EU markets. If the regulatory regimes for EU and UK financial services change or diverge further, this could have an adverse impact on any Fund and its investments, including the ability of a Fund to achieve its investment objectives in whole or in part (for example, owing to increased costs and complexity and/or new restrictions in relation to cross-border access between the EU and non-EU jurisdictions). There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives.

The legal, political and economic uncertainty generally resulting from Brexit may adversely affect both EU- and UK-based businesses, including Maranon and Fund portfolio companies, as applicable. Brexit has already led to disruptions in trade as businesses attempt to

adapt cross-border procedures and rules applicable in the UK and in the EU to their activities, products, customers, and suppliers. Continuing uncertainty and the prospect of further disruption may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States.

Public Health Emergencies. Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19, have and are resulting in market disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Clients.

In an effort to contain such health emergencies, national, regional and local governments, as well as private businesses and other organizations, have taken or have the potential to take restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including “stay-at-home” and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. Any such measures have the potential to significantly diminish economic production and activity of all kinds and contribute to volatility in financial markets, demand across categories of consumers and businesses, as well as in the credit and capital markets. Restrictive measures, whether on an initial or re-imposed basis, also have the potential to cause labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, increases in unemployment levels, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

The ultimate impact of any such health emergency — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant adverse impact and result in significant losses to the Clients. The extent of the impact on the Clients’ and their portfolio companies’ operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Clients to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Clients intend to pursue, all of which could adversely affect the Clients’ ability to fulfill their investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Clients, their portfolio companies, the General Partners and Maranon may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity’s personnel. These measures may also hinder such entities’ ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering

the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

LIBOR, and Other Benchmark Interest Rates. To the extent that a Client's investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on the London Interbank Offered Rate ("LIBOR") or other benchmark or reference rates (each, a "Benchmark Rate"), the Client may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants are working to facilitate the transition of existing instruments and contracts away from LIBOR to new Benchmark Rates, and any such transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Clients and their portfolio companies; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

Russia-Ukraine Conflict. The ongoing military conflict between Russia and the Ukraine has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine conflict may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund intends to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives.

U.S. Taxation of Carried Interest. U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership's income (and which may be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the after-tax returns of individuals associated with a Fund, its General Partner, or Maranon who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant General Partner and its

affiliates to incentivize, attract and retain individuals to perform services for a Fund. This creates potential incentives for Maranon to cause a Fund to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.

Secondaries and other General Partner-Led Transactions. There continues to be a significant market in the private fund sector for secondary sales, General Partner-led transactions, continuation funds, successor fund investments and other transactions for the disposition of investments, and Maranon reserves the right to dispose of (or seek additional capital for) Fund investments through such means. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase a portion of one or more investments that will continue to be managed by Maranon following the transaction. Such transactions are undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where Maranon believes there is the potential for additional value generation. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by Maranon and its affiliates), often on different terms than the original investment. However, certain of such transactions are expected to require: a limited partner to invest additional capital in the existing Fund and/or other investment vehicles; a greater exposure to one or more particular portfolio company; and/or a delay in the full liquidation of its investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (i.e., a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of Maranon or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where Maranon or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by the relevant General Partner on the sale of an asset from an existing Fund in such transaction), their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, Maranon, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the investment(s) subject to the transaction. To the extent Maranon requires existing limited partners and/or new buyers to commit capital to a continuation fund or another Fund managed by Maranon in addition to the purchase amount paid in a transaction, such requirement is expected to have a dilutive effect on the purchase price for the selling Fund and its limited partners. There can be no assurance that any such transaction will accurately reflect the fair market value of the Fund investment(s) being sold. Further, the relevant General Partner is expected to be incentivized to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in the relevant Fund, and in such circumstances Maranon reserves the right to compel co-investors to

receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that Maranon will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of Fund or any individual limited partner or group of limited partners. However, Maranon reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents. Maranon is permitted to seek the consent of the relevant Fund advisory committee to approve conflicts associated with such transactions and accordingly not all limited partners will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of Fund investments, to the extent such transactions are not consummated, the Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

### *Risks Related to the Funds*

Limited Transferability of Fund Interests. There is no public market for each Fund's interests, and none is expected to develop. There are substantial restrictions upon the transferability of each Fund's interests under the Fund Agreements and applicable securities laws. In general, withdrawals of the Funds' interests are not permitted. In addition, the Funds' interests are not redeemable.

Conflicting Investor Interests. Limited Partners may have conflicting investment, tax, and other interests with respect to their investments in a Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by a General Partner regarding an investment that may be more beneficial to one Limited Partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, each General Partner generally will consider the investment and tax objectives of the applicable Fund and its Partners as a whole, not the investment, tax, or other objectives of any Limited Partner individually.

Alternative Investment Fund Managers Directive. The EU Alternative Investment Fund Managers Directive (the "AIFMD") regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area ("EEA"). If a Fund is actively marketed to investors domiciled or having their registered office in the EEA: (i) such Fund may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in the Fund incurring additional costs and expenses; (ii) such Fund and/or its General Partner may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in the Fund incurring additional costs and expenses or otherwise affect the management and operation of the Fund; (iii) its General Partner may be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (iv) the AIFMD may also restrict certain activities of such Fund in relation to EEA portfolio companies including, in some circumstances, the Fund's ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two

years of ownership. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for a Fund to raise its targeted amount of commitments.

Significant Adverse Consequences for Default. Each Fund Agreement provides for significant adverse consequences in the event a Limited Partner defaults on its commitment or any other payment obligations. In addition to losing its right to potential distributions from a Fund, a defaulting Limited Partner may be forced to transfer its interest such Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

Dilution. Limited Partners admitted or that increase their respective commitments to a Fund at subsequent closings generally will participate in then-existing investments of such Fund, thereby diluting the interest of existing Limited Partners in such investments. Although any such new Limited Partner will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of such Fund's existing investments at the time of such contributions.

### *Risks Related to the CLOs*

CLO Securities Risks. In addition to normal interest rate, default, credit, liquidity and other risks associated with investments in loans and fixed income securities generally, CLO securities carry additional risks associated with the CLO structure. For example, certain classes or "tranches" of CLO securities may be subordinate to other classes, collateral values may be volatile, and disputes with the issuer may produce unexpected investment results. CLOs issue classes or "tranches" of securities that vary in risk and yield. Losses caused by defaults on underlying assets are borne first by the holders of subordinate tranches. Accordingly, the degree of risk associated with CLO securities will generally correspond to the specific tranche an investor holds. Securities in a highly rated tranche may be downgraded, and in stressed market environments it is possible that even highly rated tranches of CLO securities could experience defaults or other losses due to defaults in the underlying loan collateral, the disappearance of the subordinated/equity tranches, market anticipation of defaults, as well as negative market sentiment with respect to CLO securities as an asset class. Such risks are generally heightened in the case of middle market CLOs, whose underlying loan collateral is generally comprised of loans to smaller issuers for which less information is available.

Credit Rating Risks and Uncertainties. A CLO's collateral (the "Collateral Obligations"), which are middle market loans, will generally have private ratings assigned by rating agencies. Each CLO is required to obtain an annual review of each private rating from each rating agency. A credit rating or credit estimate is not a recommendation to buy, sell or hold assets and may be subject to revision or withdrawal at any time by the assigning rating agency. Rating agencies attempt to independently evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value; therefore, ratings and estimates may not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings or credit estimates and may change credit rating and credit estimate methodology in response to legislative and regulatory initiatives or for other reasons. Consequently, credit rating and credit estimate reductions or withdrawals may occur for any number of reasons and may affect numerous

assets at a single time or within a short period of time, with material adverse effects upon interests in the CLOs. Credit ratings are available to investors in CLOs upon request. Credit estimates are generally unmonitored and are updated only for certain events. As a result, the rating, fair market values and financial statements may not adequately reflect the current financial health or prospects of the related obligors in light of the impact of COVID-19 and/or other stresses of the current economic environment.

Below Investment Grade Collateral. The majority of the Collateral Obligations will be non-investment grade middle market loans (or participation interests therein). All of the Collateral Obligations are subject to liquidity, market value, credit, repricing, default, recovery, interest rate, reinvestment and certain other risks. It is anticipated that the Collateral Obligations generally will be subject to greater risks than investment grade corporate obligations. These risks could be exacerbated to the extent that the portfolio is concentrated in one or more particular types of Collateral Obligations. Redemptions or prepayments of Collateral Obligations and the disposition of Collateral Obligations and any subsequent reinvestment in other Collateral Obligations may result in a greater concentration in any one obligor, region or industry, and such concentration could subject the Notes to a greater degree of risk with respect to collateral defaults by such obligor, and such concentration of a CLO's portfolio in any one industry or region could subject a CLO's Notes to a greater degree of risk with respect to economic downturns relating to such industry or region.

Prices of the Collateral Obligations may be volatile, and have in the past experienced volatility, and will generally fluctuate due to a variety of factors that are inherently difficult to predict. In particular, the market for non-investment grade loans has experienced and may in the future experience periods of severe price volatility and reduced liquidity.

Some of the Collateral Obligations may be "covenant-lite" loans. "Covenant-lite" loans typically do not have maintenance covenants, and may expose a CLO to different risks, including with respect to liquidity, price volatility and ability to restructure loans, than is the case with loans that have maintenance covenants. A non-investment grade loan, bond or other debt obligation or an interest in a non-investment grade loan is generally considered speculative in nature and may default for a variety of reasons. In the event of a default, the Indenture often prohibits the applicable CLO from agreeing to restructurings of Collateral Obligations that extend their maturity past the stated maturity of the Notes, which can lead to lower recoveries.

Interest Rate Mismatch. There will be mismatches between the floating rates applicable to a CLO's collateral and the LIBOR applicable to the Senior Notes issued by such CLO, and there are restrictions with respect to each CLO's ability to hedge. In addition, to the extent payments of principal or interest on a CLO's collateral are reinvested, there is no requirement that such investments bear interest at a floating rate, and the interest rates available for such investments are inherently uncertain and expected to be significantly lower than the interest rates on such CLO's collateral. As a result of these and other potential mismatches, changes in the level of LIBOR or any other applicable floating rate index could adversely affect the ability of a CLO to make distributions to its investors.

## **Conflicts of Interest**

*General.* Maranon and its related and affiliated entities engage in a broad range of advisory and non-advisory activities, including providing agent services to portfolio companies. Maranon will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Clients in an appropriate manner, as required by the relevant Fund Agreement, Investment Management Agreement and/or Collateral Management Agreement, although the Clients and their respective investments will place varying levels of demand on these over time. In the ordinary course of Maranon conducting its activities, the interests of a Client likely will conflict with the interests of Maranon, one or more other Clients, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein.

Maranon seeks to mitigate these and other conflicts and risks through its compliance program. Maranon conducts an annual review of its compliance program in accordance with the Advisers Act.

*Allocation of Investment Opportunities.* Conflicts of interest are likely to arise in Maranon Capital's direction of certain relevant investment opportunities among Clients from time to time (e.g. allocating an investment opportunity to the Mezzanine Funds, on the one hand, and the Senior Products, on the other hand).

From time to time, Maranon will be presented with investment opportunities that would be suitable for multiple Clients or investment vehicles operated by Maranon. In determining which investment vehicles should participate in such investment opportunities, Maranon is subject to conflicts of interest among the investors in such investment vehicles. Investments by more than one Client in a portfolio company also have the potential to raise the risk of using assets of a Client to support positions taken by other Clients or affiliates of Maranon Capital. To the extent an investment opportunity is received that is unsuitable for any Client, in Maranon's sole discretion, Maranon and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity.

Maranon must first determine which Client(s) will, or are required to, participate in the relevant investment opportunity. Maranon generally assesses whether an investment opportunity is appropriate for a particular Client based on the Client's operating documents, investment and operating guidelines, diversification limitations, tax and regulatory situation, minimum dollar limits, leverage requirements, return and risk targets and other relevant factors. Generally, in the event there are multiple Senior Products for which an investment opportunity is suitable, the following allocation methodology is used. Initially the allocation will be based on the minimum hold sizes for each participating Senior Product. For investments greater than minimum investment amount for each participating Senior Product, the allocation will be based on available capital held in each respective fund with a maximum based on Maranon's judgment considering each Senior Product's objectives, operating documents and diversification requirements, especially with regard to Funds which are leveraged. Investment opportunities related to add-on and recapitalization opportunities are generally allocated first to the currently invested Clients, and then to other Clients based on the factors described above. Generally, a similar approach is applied to allocating investment opportunities among suitable Mezzanine Funds.



In addition, if a portfolio company requires additional capital as a result of financial or other difficulties, or to finance growth or other opportunities, Clients will elect to provide or not provide such additional capital, and if provided, each Client generally will supply such additional capital in such amounts, if any, as determined by Maranon in its sole discretion.

Following determination of allocation among Clients, Maranon reserves the right to offer co-investment opportunities to one or more potential co-investors, including vendors, service providers and/or other third parties, as determined by the Fund Agreements, Letter Agreements and Maranon's procedures regarding allocation.

Maranon's procedures permit it to take into consideration a variety of factors in making such determinations, including consideration of: existing commitment or investment in Clients, knowledge and experience in financial and business matters necessary to make them capable of evaluating the merits and risks of the prospective investment; perceived ability to quickly execute on transactions; and tax, regulatory, securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); and other appropriate factors. Co-investment opportunities may, and typically will, be offered to some and not other Maranon investors, and certain investors may receive multiple opportunities to co-invest while others expressing interest in co-investment opportunities receive none. Maranon reserves the right to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments or otherwise to have priority in co-investment opportunities over certain other third-party investors.

For certain investment opportunities, the borrower will require or prefer lenders that commit, on a short time frame, to provide (subject to diligence and negotiation of acceptable documentation) an amount of aggregate financing in excess of the aggregate amount Maranon believes would be suitable for their Clients. In such cases, in order to respond as quickly as possible to the borrower's request and thereby increase the chance that Maranon will be offered such investment opportunity, Maranon expects that from time to time it will first contact a potential co-investor that it believes would have the ability and desire to commit to make a co-investment for the entire excess amount on the time frame requested and, if such potential co-investor agrees to do so, provide the entire amount of the co-investment opportunity to such co-investor. In addition, if such co-investor agrees to be responsible for the entire amount of the co-investment opportunity if necessary but requests that Maranon seek additional co-investors to take the portion of the co-investment specified by such co-investor, Maranon anticipates that it likely will do so from time to time (though it reserves the right to decline). In light of Maranon's ongoing relationship with Eldridge (as described in further detail below) and given Eldridge's experience in investments similar to those Maranon seeks for its Clients, its historical ability to commit to fund transactions on an expedited basis, and its significant capacity to make investments, Maranon believes Eldridge and certain of its affiliates are the potential co-investors that are most likely to make such a commitment. Accordingly, Maranon will usually approach Eldridge and/or its affiliates with such co-investment opportunities before approaching any other potential co-investment investor, unless the applicable client documentation requires otherwise. This is expected to result in Eldridge and its affiliates participating in a significant portion of the co-investment opportunities that Eldridge approves.

Maranon's allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While Maranon will allocate investment opportunities in a manner that it believes is fair and equitable to its Clients under the circumstances over time and considering relevant factors, there can be no assurance that a Client's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which Maranon may be subject, discussed herein, did not exist.

*Conflicting Investments.* The Mezzanine Funds are expected to make from time to time mezzanine and equity co-investments in the same transactions in which the Senior Products invest, subject to any limitations in the applicable Fund Agreements and Investment Management Agreements. Similarly, certain Senior Products are permitted to make senior debt and equity co-investments in companies where other Senior Products make only senior debt investments. Also, if permitted by the applicable Fund Agreements, Investment Management Agreements, and/or regulatory stipulations, it is anticipated that a Senior Product from time to time will refinance a loan in a company where a Mezzanine Fund has already provided debt and equity financing, which would result in such Senior Product owning debt in the same company where a Mezzanine Fund has an equity interest. As a result, the Mezzanine Funds, Senior Products making an equity co-investment and the Senior Products not making an equity co-investment will potentially have conflicting interests in negotiating the terms of their investments. In negotiating the price of the relevant securities, characterizations, rates of interest or stated dividends, nature of the covenants, and other terms and conditions of such securities, the Senior Products not making an equity co-investment will potentially have interests that conflict with those of the Mezzanine Funds and Senior Products making an equity co-investment, and vice versa. Questions will potentially arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring have the potential to raise conflicts of interest. Maranon will, to the extent it is managing investments of a Mezzanine Fund and the investments of a Senior Product in the same issuer, seek to manage such conflicts in good faith and in a manner consistent with its duties to its Clients, including through the various Fund Agreements and protocols that are in effect between the Mezzanine Funds and the Senior Products and were put in place to mitigate such conflicts, and may seek the advice of the applicable Client and/or a Fund's advisory committee as it deems appropriate. Certain additional conflicts are expected to be present if a Senior Product manages a senior loan in a default, workout or bankruptcy scenario, as permitted by the applicable Fund Agreement or Investment Management Agreement. In such a case, the **a Senior Product** without an equity holding could take actions that are adverse to the interests of a Mezzanine Fund and/or a Senior Product with an equity holding, and vice versa. Maranon anticipates that when Clients hold investments of differing seniority in the same issuer and such issuer enters into a default, workout or bankruptcy scenario, Maranon will typically engage separate counsel to represent such Clients. In certain circumstances Clients are expected to be prohibited from exercising (or Maranon may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts.

*Transactions with Affiliates.* Additional potential conflicts of interest relating to affiliates are discussed below under "Other Financial Industry Activities and Affiliations".

*Allocation of Expenses.* Subject to any relevant restrictions or other limitations contained in the Fund Agreements or Investment Management Agreements, Maranon will allocate expenses, including fees payable to third parties, in a manner that it believes is fair and equitable to its Clients under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. In exercising such discretion, Maranon expects to be faced with a variety of potential conflicts of interest. As a general matter, Client expenses typically will be allocated among all relevant Clients eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by Maranon Capital or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses will not necessarily be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on the number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Client or to Maranon. The Clients generally have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected from time to time to result in the Clients bearing different levels of expenses with respect to the same investment. Further, Maranon reserves the right to consider each relevant Client's strategy as a component of its allocation of investment expenses, and as a general matter will not allocate expenses associated with one Client's mezzanine investment to a different Client's senior credit investment, or *vice versa*, even if the two investments are in the same portfolio company.

*Selection of Service Providers.* Certain expenses (including without limitation travel expenses) are paid for by a Client and/or its portfolio companies or, if incurred by Maranon, are reimbursed by a Client and/or its portfolio companies, in connection with Maranon's performance of services for such Client and/or portfolio company. The amount of such reimbursements over time is expected to be substantial, and Clients generally do not have an interest or share in these reimbursements. Maranon will not necessarily seek out the lowest cost options when incurring (or causing a Client or its portfolio companies to incur) such expenses. Although Maranon selects service providers that it believes are aligned with its operational strategies and will enhance Client returns, Maranon has a potential incentive to recommend a related or other person (including a Client or Fund investor) because of its financial or other business interest. There is also a possibility that Maranon, for various reasons (including a belief that the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Client or to Maranon), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Although Maranon generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Additionally, from time to time, Maranon expects certain service providers, their affiliates and personnel to invest in, or co-invest alongside, one or more Clients, and due to the nature of the service provider relationships these persons have the potential to have information advantages relative to other investors or co-investors. In certain circumstances where Maranon commits or has committed to seek, or has the right to take certain actions only on, "market" or "arms-length" rates or terms, Maranon reserves the right to determine in its sole discretion if given rates or terms are reflective of the range of rates in the applicable or related markets. Maranon reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is "arms-length."

Consequently, Maranon undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking relates specifically to the assets, services, geographies or comparable markets to which such rates or terms relate. Whether or not Maranon has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

To the extent a portfolio company is to reimburse any expenses, it determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to Maranon or such service providers generally is subject to: agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related potential conflicts of interest.

*Transfer of Fund Interests.* In certain cases, Maranon will have the opportunity (but, subject to any applicable restrictions or procedures in the relevant Fund Agreement, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Maranon will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on suitability and other factors similar to those employed in selecting co-investors, and unless required by the relevant Fund Agreement, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

*Cross-Trades.* Maranon reserves the right from time to time to cause a Client to enter into a transaction whereby such Client purchases securities from, or sells securities to, other Clients managed by Maranon, or co-investors or co-investment vehicles. Such transactions may arise in the context of automatic or other re-balancing of an investment among parallel investing entities or in contexts where a portfolio company owned by one Client is acquired by a portfolio company acquired by another Client. Certain of such transactions raise potential conflicts of interest, including where the investment of one Client supports the value of portfolio companies owned by another Client. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the relevant Clients' Fund Agreements or Investment Management Agreements or otherwise in the sole discretion of Maranon, Maranon reserves the right to seek to mitigate such conflicts by seeking the input from an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness or "arm's-length" nature of a purchase or sale price, whether or not part of a formal fairness opinion, "request for proposal" process, or proposal or quotation provided exclusively for the benefit of Maranon) or by obtaining the consent of the relevant Client(s) (including, in the case of a Fund, where authorized, the consent of such Fund's advisory committee or a specially authorized advisory committee) to such transactions. In certain circumstances, Maranon reserves the right to determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction (including its value) to the Client under then-current market conditions. Maranon intends that any such transactions be conducted in a manner that it believes

to be fair and equitable to each Client under the circumstances, including a consideration of the potential present and future benefits with respect to each Client.

*Certain Other Conflicts.* Other conflicts of interest include, but are not limited to the following:

- Maranon, its affiliates, and equity holders, officers, principals and employees of Maranon and its affiliates reserve the right to buy or sell securities or other instruments that Maranon has recommended to a Client. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Client. Employees and related persons of Maranon and Eldridge and its affiliates have, and are expected to continue to have, capital investments in or alongside certain Funds, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expect to have additional potential conflicting interests in connection with these investments.
- A Client's General Partner is often permitted under its governing documents to receive a distribution in kind from the Client, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of contribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Client's limited partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than Maranon deems suitable for the Client. Although the General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the Client's disposition thereof, neither the relevant Client nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's *pro rata* interest in the Client and the amount of carried interest owed. To the extent the beneficial owners of the General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the Client or its limited partners.
- Because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when Maranon may not otherwise have done so. In addition, since Maranon is permitted to retain certain fees (as described under "Fees and Compensation") in connection with Client investments, it could have a conflict of interest in connection with approving transactions.

- Maranon and/or its affiliates reserve the right to enter into Letter Agreements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of Maranon's compensation), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on the Fund's advisory committee, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, as well as economic, procedural and other terms, many of which will not be subject to the "most-favored nation" provisions of a Fund's governing documents. Maranon is likely to have its own economic and/or other business incentives to provide certain terms to certain limited partners (*e.g.*, based on commitment amount to a Fund or the timing thereof, the ability of a limited partner to provide sourcing or other services to Maranon, its affiliates and personnel or the Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Maranon, its affiliates and personnel, or the Funds). Further, Letter Agreements may also relate to strategic relationships under which an investor agrees to make capital commitments to multiple Funds or other Clients. Except where required by the governing documents of the Fund, other investors will not receive copies of Letter Agreements or related provisions, and as a general matter, the other investors have no recourse against a Fund, the relevant general partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Letter Agreements. Letter Agreements subject Maranon to potential conflicts of interest, including in circumstances where an investor's right to serve on the relevant Fund's advisory committee results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the relevant limited partner at the expense of the relevant Fund or of limited partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund. As a consequence of one or more Fund investors being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or the ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating Fund investors could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner defaults on a drawdown in respect of an investment. Although Maranon believes it to be unlikely, excuse or other rights requested or received by one or more Fund investors (or such regulatory, tax or other factors applicable to such Fund investors) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities

by the General Partner on behalf of the relevant Fund as a whole. A limited partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Fund Agreements; conversely, a limitation on one or more limited partners' voting rights generally will increase the voting rights percentage of other limited partners in the relevant Fund. Further, limited partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, *e.g.*, based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Fund.

- In connection with its services to the Clients and their investments, Maranon, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of Maranon's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Maranon and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "Maranon Information"). In many cases, Maranon Information will include tools, procedures and resources developed by Maranon to organize or systematize Maranon Information for ongoing or future use. Although Maranon expects its Funds and their portfolio companies generally to benefit from Maranon's possession of Maranon Information, it is possible that any benefits will be experienced solely by other or future Clients or portfolio companies (or by Maranon and its personnel) and not by the Client or portfolio company from which Maranon Information was originally received. Maranon Information will be the sole intellectual property of Maranon and solely for the use of Maranon. Maranon reserves the right to use, share, license, sell or monetize Maranon Information, without offset to Management Fees, and the relevant Client or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization.
- Expenses relating to the Clients or portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not de minimis or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Clients or their respective investors; no such rewards will offset Management Fees.
- The relevant liability standards under insurance coverage procured by Maranon are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages from time to time are expected to vary from relevant liability and/or indemnity standards in the governing documents. Investors generally will be

responsible for insurance premiums, as set forth in the governing documents. regardless of whether the liability and/or indemnity standards in Maranon's insurance coverage are higher or lower than that set forth in the governing documents.

### **DISCIPLINARY INFORMATION**

Maranon Capital and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

#### *General Partner and Related Entities*

Maranon Capital is affiliated with the General Partners, which are subject to the Advisers Act pursuant to Maranon Capital's registration in accordance with SEC guidance and which collectively with Maranon Capital operate as a single advisory business. Maranon Capital and the General Partners generally share common owners, officers, partners, employees, consultants or persons occupying similar positions. Maranon Capital also contracts to receive personnel and related services from Maranon Services LLC, an affiliated service company. Maranon Services LLC does not provide advisory services.

#### *Eldridge and Its Affiliates*

Maranon Capital is also affiliated with Eldridge, which owns a majority of Maranon Capital. Eldridge is a private investment firm that owns directly or indirectly businesses that operate within a number of industries, including the financial services industry. One of these businesses is Security Benefit Life Insurance Company ("SBL"), a Kansas insurance company that specializes in fixed, fixed indexed and variable annuities. Both Eldridge and SBL have material business relationships with Maranon Capital.

As described above under "Methods of Analysis, Investment Strategies and Risk of Loss – Conflicts of Interest", Maranon's relationship with Eldridge and the resources of Eldridge potentially available to invest in co-investment opportunities make it likely that Eldridge will have frequent access to, and participation in, co-investment opportunities, provided that such co-investment opportunities are not first allocated to Clients in accordance with Maranon's allocation policies and procedures or other relevant documentation.

Senior Credit IV, which is owned by Security Benefit Corporation, a subsidiary of Eldridge, engages in a number of different types of investments and transactions relating to other Clients. These include, without limitation, warehousing Senior Credit for new CLOs and Separate Accounts that are not able to participate at inception and making commitments for future investments alongside other Clients. Although Maranon believes the functions performed by Senior Credit IV benefit Maranon's other Clients, Maranon also recognizes that these transactions also represent potential conflicts of interest, especially to the extent they directly involve other Clients. Maranon seeks to mitigate these conflicts through its compliance policies and procedures, which include following its allocation policies and complying with the Advisers Act in connection with principal transactions as described below.



From time to time, Maranon anticipates that it will, to the extent permitted under applicable law and the governing documents for a CLO, or other Fund or Client, effect cross-transactions between Clients. Among other things it is expected that Maranon will cause the CLOs and Senior Credit IV to engage in such cross-transactions in connection with Senior Credit IV warehousing Senior Credit for CLOs and other similar transactions. Because Senior Credit IV is an affiliate of Maranon, any such cross-transactions between Senior Credit IV and a CLO or any other Client constitutes a “principal transaction” under applicable law. When Maranon engages in a principal transaction, it will comply with the applicable requirements of the Advisers Act, including disclosure to and consent of the Client, which may be sought and obtained from the Client’s independent review party or board of directors.

Eldridge also controls other investment adviser entities. Therefore, Maranon Capital is also affiliated, through its relationship with Eldridge, with the following investment advisers registered with the SEC: Cain International Advisers Limited (“Cain”) and Panagram Structured Asset Management, LLC (“Panagram”). Panagram offers investment advisory services primarily focused on structured credit, including the debt and equity tranches of CLOs, as well as asset-backed securities. Cain is primarily engaged in making debt and equity real estate investments. Maranon is also affiliated with Stonebriar Commercial Finance LLC (“Stonebriar”), a privately held commercial finance company controlled by Eldridge that provides financing to businesses in a wide variety of industries, and with CAIS Capital LLC, a broker dealer and placement agent. From time to time, each of Cain, Panagram and Stonebriar have the potential to collaborate or co-invest with Maranon on investment opportunities.

### *Potential Conflicts and Mitigation*

As described above, certain Eldridge affiliates have business relationships with Maranon. Maranon believes there are benefits to these relationships, including that Eldridge and its affiliates have a significant amount of investment experience and access to investment opportunities, and that Eldridge’s ownership of Maranon may improve its ability to identify and close on profitable investments. Eldridge manages capital solely for itself and is not an investment adviser. Maranon has been in existence for 11 years prior to Eldridge taking a controlling interest in Maranon. Over that time Maranon has established and maintained its own personnel, operations, and investment decision-making process. Despite Eldridge’s controlling interest in Maranon, Maranon will continue to be operationally independent of Eldridge. Eldridge will not have any role in Maranon’s investment decision making process or in Maranon’s day-to-day operations. Although Eldridge personnel serve on the board of Maranon Capital’s general partner, Todd Boehly and other individuals responsible for controlling Eldridge will not serve on such board. Nevertheless, Maranon generally has incentives to conduct its operations in a manner that benefits Eldridge and its affiliates, subject to its obligations to its Clients under applicable law and governing documents.

Eldridge and its network of direct and indirect subsidiaries, and their respective employees, officers and directors including those described above (collectively, the “Eldridge Related Parties”), engage in a number of businesses with a broad array of products and services and the resulting transactions create actual or potential conflicts of interest with Clients and Maranon’s activities on behalf of Clients. The following discussion briefly summarizes some of these

conflicts, but is not intended to include an exhaustive list of all such conflicts. Clients and investors should also review carefully the applicable Memorandum.

Eldridge and certain of the Eldridge Related Parties, including Cain, Panagram, Stonebriar and SBL (each as defined above), engage in investment operations that in certain cases are expected to be substantially similar to and/or competitive with those of Maranon, including opportunities in which Clients have invested or are considering for investment. The performance and operation of such competing businesses is likely to in certain cases conflict with and adversely affect the performance and operations of Maranon and its Clients, and has the potential to adversely affect the prices and availability of investment opportunities or transactions available to Clients. Eldridge and its management personnel and other Eldridge Related Parties reserve the right, but are under no obligation, to share any such research or opportunities with Maranon. Moreover, Eldridge, its management personnel and other Eldridge Related Parties expect to, from time to time, invest on behalf of themselves in such opportunities. This has the potential to result in financial benefits to Eldridge and other Eldridge Related Parties, and their respective personnel, which are not experienced by Maranon or its Clients. To the extent Maranon Clients and clients of Eldridge Related Parties have overlapping investments or similar investment strategies, Eldridge Related Parties reserve the right to give advice or take action for their own accounts that differs from, potentially conflicts with or is adverse to advice given or action taken by Maranon for any of its Clients.

Maranon, from time to time, reserves the right to initiate or recommend transactions with or investments in companies in which Eldridge Related Parties have controlling interests or are affiliated. In addition, in some circumstances, Maranon on behalf of its Clients potentially will invest in issuers or borrowers, or otherwise participate in transactions, in which Eldridge Related Parties have invested or will invest, have other financial interests, or have financial or other relationships (including but not limited to directorships or equivalent roles) with affiliates or parties related to the issuers or borrowers in such transactions and such an investment will provide a direct or indirect benefit to Eldridge Related Parties. In these circumstances, such Client investments would be expected to indirectly benefit Eldridge Related Parties and would not be for the exclusive benefit of Maranon Clients. In addition, Maranon reserves the right to choose to offer more favorable terms to, or refrain from taking actions that potentially would be adverse to, companies in which Eldridge Related Parties have an interest, subject to Maranon's obligations to its Clients under applicable law and governing documents. Eldridge Related Parties from time to time will potentially provide loans to Maranon, which could create an additional incentive for Maranon to favor such Eldridge Related Parties. Interests of non-affiliated Clients therefore have the potential to conflict with the interests of Eldridge Related Parties.

Maranon and Eldridge Related Parties, including Eldridge, Cain, Panagram, Stonebriar and SBL, expect from time to time to be engaged in the loan origination, asset financing, and/or loan servicing businesses. In connection with their lending activities, such loan origination and/or servicing businesses are likely to receive certain fees, including, arranger, syndication, agency, origination, sourcing, structuring, collateral management, advisory, commitment, facility, float or other fees, discounts, spreads, commissions and concessions, and other fees received as part of such loan origination, asset financing, and/or loan servicing businesses. Clients should not expect to participate or share in such fees or compensation. Such fees potentially will be charged on a cost reimbursement or on a cost-plus basis, or be based on market rates (and which will not

necessarily be the lowest market rate). Clients or the issuers of financial instruments held by Clients will potentially acquire loans originated, structured, arranged and/or placed and/or arranged by such affiliated loan origination, asset financing, and/or loan servicing businesses that receive such fees. Clients will bear such fees directly or indirectly (e.g., by the issuers of financial instruments held by the applicable Client).

Eldridge Related Parties own all or a portion of the CLO Equity of the CLOs. Accordingly, Maranon has a potential conflict of interest in making investment decisions for the CLOs between the holders of the Senior Notes and the holders of the CLO Equity in the CLOs.

Certain individuals that serve as members of the board of the general partner of the General Partners and Maranon Capital (the “Ultimate General Partner”) also hold positions with other Eldridge Related Parties, including Eldridge. Certain of these board members make investment decisions for an investment adviser entity that Eldridge controls, and all such board members are likely to have responsibility for certain aspects of the business of these affiliates, and the overall compensation these individuals receive is based, in part, upon the performance of such affiliates, including Maranon Capital. Consequently, in carrying out their board member responsibilities at the Ultimate General Partner and duties at other Eldridge Related Entities, such persons are subject to the same or similar potential conflicts of interest that exist between Maranon and these affiliates.

Maranon attempts to resolve these conflicts of interest in light of its obligations to Clients, and attempt to allocate investment opportunities among Clients and any other such investment vehicles in a manner it believes to be fair and equitable to the Clients under the circumstances over time and in accordance with any provisions regarding the allocation of investment opportunities in the Clients’ governing documents. To the extent that an investment or relationship raises particular conflicts of interest, Maranon will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Maranon reserves the right to consult with and receive consent to conflicts from the Client, or in the case of a Fund, its advisory committee or other independent review party, if applicable.

#### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Maranon has adopted a Code of Ethics and Securities Trading Policy and Procedures (the “Code”), which sets forth standards of conduct that are expected of Maranon’s principals and employees and addresses conflicts that arise from personal trading. Personal securities transactions are required to be conducted in a manner that prioritizes Client interests in Client eligible investments. The Code requires Maranon’s personnel to report their personal securities transaction and to obtain approval from Maranon’s Chief Compliance Officer prior to, directly or indirectly, acquiring beneficial ownership of any security in an initial public offering or a limited offering or engaging in any securities transactions involving securities on Maranon’s restricted list. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any Client or prospective investor upon request to Mike Parilla, Maranon’s Chief Compliance Officer, at (312) 646-1200.

Maranon and its affiliates may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, Maranon and its affiliates would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Maranon.

Accordingly, should Maranon or any of its personnel come into possession of material nonpublic or other confidential information with respect to any public company, Maranon generally would be prohibited from communicating such information to clients, and Maranon will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Maranon's personnel serving as directors of public companies and may restrict trading on behalf of Clients.

Principals and employees of Maranon and its affiliates generally are expected to directly or indirectly own an interest in Funds, including the Mezzanine Funds, the Senior Credit Funds or certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles are expected to invest in one or more of the same portfolio companies as a Fund.

The Funds, the other Senior Products and any other Clients will potentially invest together with other private investment funds or clients advised by affiliates of Maranon, subject to any limitations in the applicable Clients' governing documents. Maranon will determine the allocation of investment opportunities in a manner that they believe is fair and equitable to Clients consistent with Maranon's obligations to such Clients, including any investment restrictions and objectives set forth in the relevant Client's governing documents.

Maranon and its affiliates, principals and employees expect from time to time to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who are not Clients, as well as give advice and recommend securities to such persons or vehicles which may differ from advice given to, or securities recommended or bought for, a Client, even though their investment objectives may be the same or similar. The governing documents of certain Clients generally restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Clients or give priority with respect to investments to such Clients. Some of these restrictions could be waived by Clients (or their representatives) or be subject to limitations (*e.g.*, by time or percentage of capital deployed).

#### **BROKERAGE PRACTICES**

Maranon focuses on investments in private companies and generally purchases and sells such investments through privately-negotiated transactions in which the services of a broker-dealer may or may not be retained. However, Maranon reserves the right to distribute securities to Clients or Private Fund Investors or sell such securities, including through using a broker-dealer, including when a public trading market exists. Although Maranon does not intend to regularly engage in public securities transactions, to the extent it does so, it would generally follow the brokerage practices described below.

If Maranon sells publicly traded securities for a Client, Maranon is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Maranon. In such event, Maranon will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Maranon reserves the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

Consistent with Maranon seeking to obtain best execution, brokerage commissions on Client transactions are permitted to be directed to brokers in recognition of research furnished by them, although Maranon generally does not make use of such services at the current time and have not made use of such services since their inception. To the extent Maranon engages in any such soft dollar transactions in the future, it will seek to comply with the safe harbor set forth in Section 28(e) of the Securities Exchange Act of 1934, as amended, and adopt any necessary policies and procedures.

From time to time, Maranon expects, but is not obligated, to purchase or sell securities for several Clients at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Client of Maranon’s is favored over any other Client. To the extent such orders are not batched, they may have the effect of increasing brokerage commission or other costs.

From time to time Clients potentially will refinance or otherwise purchase debt obligations owned by another Client, including predecessor Clients. Any cross-Fund or Client transactions will typically be effectuated after disclosure of the terms and client consent, which may often be authorized to be given by a Fund’s advisory committee.

## **REVIEW OF ACCOUNTS**

Client investments, particularly those made by the Funds, are generally private, illiquid and long-term in nature and/or in debt securities with a stated maturity. Accordingly, Maranon’s review process is not directed toward a short-term decision to dispose of securities. However, Maranon closely monitors companies in which a Client invests, and Maranon’s Chief Compliance Officer periodically checks to confirm that each Client’s account is maintained in accordance with its stated objectives.

Each Fund generally provides to its limited partners (i) annual U.S. GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner’s tax return and (iii) quarterly reports providing a narrative summary of the status of each portfolio. Maranon provides Separate Account Clients with monthly, quarterly and annual reports related to aspects of their portfolios, as required by the applicable Investment Management Agreement.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

Maranon and/or its affiliates expect on occasion to provide certain business or consulting services to companies in a Client’s portfolio and expect to receive compensation from these

companies in connection with such services. In the case of each Fund, this compensation may, in many cases, offset a portion of the Management Fees paid by each Fund. However, in other cases, these fees would be in addition to Management Fees. See “Fees and Compensation.”

Maranon reserves the right from time to time to enter into placement agreements or solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a Client. Any fees and expenses payable to any such placement agents generally will be borne by Maranon either directly or indirectly through an offset against the Client’s Management Fee under the relevant governing documents, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Client(s).

### **CUSTODY**

Maranon generally expects that it will be deemed to have “custody” (within the meaning of Advisers Act Rule 206(4)-2 (the “Custody Rule”)) of funds or securities held in the name of one or more Funds, subject to certain exceptions set forth in the Custody Rule and related guidance, and intends to maintain such assets with the following qualified custodians:

- Merrill Lynch, Pierce, Fenner & Smith, Inc. at 600 California Street, 8<sup>th</sup> Floor, San Francisco CA, 94108.
- Silicon Valley Bank, a division of First Citizens Bank at 3003 Tasman Drive, Santa Clara, CA 95054.
- U.S. Bank Global Corporate Trust Services, One Federal Street, 3rd Floor, Boston, MA 02110.
- State Street Global Services at 801 Pennsylvania, Kansas City, MO 64105.
- Wells Fargo Corporate Trust Services at 9062 Old Annapolis Road, Columbia, MD 21045.
- Delaware Trust Company at 251 Little Falls Drive, Wilmington, DE 19808.
- CapitalOne Commercial Banking Group at 2 Bethesda Metro Center, 7th Floor, Bethesda, MD 20814.
- New York Community Bancorp, Inc. (f/k/a Signature Bank) at 1400 Broadway, 26th Floor, New York, NY 10018.
- Fifth Third Bank at 142 W. 57th Street, Ste. 1600, New York, NY 10019.

### **INVESTMENT DISCRETION**

In general, Maranon has discretionary authority to manage investments on behalf of its Clients, including, without limitation, authority to make decisions with respect to amount, price

and counterparties. Maranon assumes this discretionary authority pursuant to, and subject to the terms and conditions set forth in, the Fund Agreements and the Investment Management Agreements and any powers of attorney executed by Clients. Maranon provides investment advice to each Client and not individually to any Fund investors or, in the case of a CLO, any Note holders. As a general policy, Maranon does not allow Clients to place limitations on this authority. Pursuant to the terms of the Fund Agreements or other relevant client documentation, however, Maranon has entered, and expects to enter, into Letter Agreements with certain Fund investors whereby the terms applicable to such investor's investment in a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Separate Accounts can negotiate limitations on Maranon's authority when entering into Investment Management Agreements with Maranon, including designating an account as non-discretionary.

### **VOTING CLIENT SECURITIES**

Maranon has adopted Proxy Voting Policies and Procedures (the "Proxy Policy") to address how they will vote proxies, as applicable, for Clients. The Proxy Policy seeks to ensure that Maranon votes proxies (or similar instruments) in the best interest of Clients, including where there may be material conflicts of interest in voting proxies. Maranon generally believes its interests are aligned with those of Funds' investors through the principals' beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies for the Funds. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Maranon may address the conflict using several alternatives, including by seeking the approval or concurrence of the applicable Fund's advisory committee on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's advisory committee is authorized to approve Maranon's vote in a particular solicitation. Maranon does not consider service on portfolio company boards by Maranon personnel or Maranon's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. Clients (or investors in a Fund) may request a copy of Maranon's complete Proxy Policy or information regarding how Maranon voted proxies for particular portfolio companies, free of charge, by contacting Mike Parilla, Maranon's Chief Compliance Officer, at (312) 646-1200.

### **FINANCIAL INFORMATION**

Maranon does not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.

## **Appendix A**

Maranon Mezzanine GP, L.P.  
Maranon Mezzanine GP II, L.P.  
Maranon Senior Credit GP II, L.P.  
Maranon Senior Credit Strategies Fund V GP, L.P.  
Maranon Centre Street General Partner, L.P.  
Maranon Senior Credit Opportunities SPV GP, L.P.  
Maranon Mezzanine GP III-B, L.P.  
Maranon Management, LLC.  
Maranon Senior Credit Fund IX GP, L.P.  
Maranon Senior Credit Fund IX DBM, L.P.  
Maranon Senior Credit Strategies Fund X GP, L.P.



## Appendix B

<b>Fund</b>	<b>General Partner</b>
Maranon Mezzanine Fund, L.P. Maranon Mezzanine Executive Fund, L.P.	Maranon Mezzanine GP, L.P.
Maranon Mezzanine Fund II, L.P. Maranon Mezzanine Offshore Fund II, L.P.	Maranon Mezzanine GP II, L.P.
Maranon Senior Credit Fund II-A, L.P. Maranon Senior Credit Fund II-B, L.P.	Maranon Senior Credit GP II, L.P.
Maranon Senior Credit Strategies Fund V -- Unlevered, L.P. Maranon Senior Credit Strategies Fund V -- Levered, L.P.	Maranon Senior Credit Strategies Fund V GP, L.P.
Maranon Centre Street Partnership, L.P.	Maranon Centre Street General Partner, L.P.
Maranon Senior Credit Opportunities SPV, L.P. Maranon Senior Credit Opportunities SPV II, L.P.	Maranon Senior Credit Opportunities SPV GP, L.P.
Maranon Mezzanine Fund III-B, L.P.	Maranon Mezzanine GP III-B, L.P.
Maranon Senior Credit Fund IX DB, LLC	Maranon Senior Credit Fund IX DBM, L.P.
Maranon Senior Credit Strategies Fund X – Levered, L.P.	Maranon Senior Credit Strategies Fund X GP, L.P.