

Item 1 Cover Page



Monroe Capital Management Advisors, LLC

Form ADV Part 2A Firm Brochure

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

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

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Brochure prepared on March 31, 2023

Item 2 Material Changes

This Brochure contains updated information about MC Management's business since the last annual update dated March 31, 2022, as well as changes made from MC Management's other than annual amendment dated September 2, 2022. This section of the Brochure will address only those "material changes" that have been incorporated since the last annual delivery of this document on the SEC's public disclosure website (IAPD). Because there have been no material changes to MC Management's business, there are no material changes in this updated Brochure; however, we have provided updates on our business and enhanced disclosures regarding the following items:

- Item 4. Advisory Business. Revisions and enhanced disclosure to Advisory Business.
On September 2, 2022, Ms. Kristan R. Gregory was appointed as the Chief Compliance Officer for MC Management.
- Item 5. Fees and Compensation. MC Management made revisions and enhanced disclosures.
- Item 6. Performance Based Fees and Side-by-Side Management. MC Management made revisions to disclosures.
- Item 8. Methods of Analysis, Investment Strategies and Risk of Loss. MC Management made certain additions, revisions, and enhanced disclosures.
- Item 9. Disciplinary Information. Enhanced disclosure to the advisory business.
- Item 10. Other Financial Industry Activities and Affiliations. Made certain additions and enhancements to disclosures.
- Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading. MC Management made certain additions, revisions, and enhanced disclosures.
- Item 12. Brokerage Practices. Made certain additions, revisions, and enhancements to disclosures.

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

Currently, this Brochure may be requested by contacting Ms. Kristan R. Gregory, Chief Compliance Officer at (516) 265-4153 or kgregory@monroecap.com.

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



IMPORTANT NOTE ABOUT THIS DISCLOSURE BROCHURE

This Disclosure Brochure is not:

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

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

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



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Item 4 Advisory Business

Firm Background

MC Management is a Delaware limited liability company that was formed in February 2007 for the purpose of providing discretionary portfolio management and investment advisory services to pooled investment vehicles. MC Management, its affiliated entities and advisory clients are headquartered in Chicago, Illinois. MC Management has eight additional offices located in Atlanta, Boston, Los Angeles, Naples, New York, San Francisco, Miami and Seoul. MC Management is wholly owned by Monroe Capital Investment Holdings, L.P. (“MCIH”), which is majority owned and controlled by its general partner, Monroe Management Holdco, LLC (“MM Holdco”), a Delaware limited liability company, that is indirectly majority owned in the aggregate by Messrs. Theodore L. Koenig and Michael J. Egan through intermediate holding companies. The officers and senior management team of MC Management and its affiliated entities include: Theodore L. Koenig, as Chairman and Chief Executive Officer; Michael J. Egan, as Vice Chairman and Chief Credit Officer; Thomas C. Aronson, as Vice Chairman and Head of Originations; Zia Uddin, as President; Jeremy T. VanDerMeid, as Managing Director; Aaron D. Peck, as Managing Director and Co-Head of Opportunistic Credit; Alexander Franky, as Managing Director and Head of Direct Underwriting; R. Sean Duff, as Managing Director and Head of Marketing; James Cassady, as Managing Director and Chief Operating Officer; Caroline B. Davidson, as Managing Director and Head of Capital Markets; Karina B. Stahl, as Managing Director and Chief Financial Officer of Investment Funds; Peter T. Gruszka, as General Counsel; Kyle A. Asher, as Managing Director and Co-Head of Opportunistic Credit and Head of Underwriting and Structuring; Brad A. Bernstein, as Managing Director and Head of the Equity Group; Ben Marzouk, as Manager Director and New York Group Head; Jeffrey Cupples, as Deputy Head of Credit, Direct Investments; Matthew Lane, as Deputy Head of Underwriting, Direct Investments; Jeffrey Williams, as Managing Director Head of Underwriting – Capital Markets; Scott A. Marienau, as Chief Financial Officer-Management Company; and Kristan R. Gregory, as Chief Compliance Officer. (collectively, the “Senior Management Team”).

With respect to certain affiliated pooled investment vehicles which are advisory clients, MC Management provides discretionary portfolio management and investment advisory services through six (6) relying advisers which include, (i) Monroe Capital Management, LLC (“Monroe Capital Management”); (ii) Monroe Capital Asset Management LLC (“MC Asset Management”); (iii) Monroe Capital CLO Manager LLC (“MC CLO Manager”); (iv) Monroe Capital CLO Manager II LLC (“MC CLO Manager II”) (v) Monroe Capital Partners Fund Advisors, Inc. (“MC Partners Fund Advisors”); and (vi) Monroe Capital Partners Fund II Advisors, Inc. (“MC Partners Fund II Advisors” and, together with Monroe Capital Management, MC Asset Management, MC CLO Manager, MC CLO Manager II, MC Partners Fund Advisors, and MC Partners Fund II Advisors, the “Relying Advisers”). The Relying Advisers are registered with the SEC as investment advisers relying on MC Management’s investment adviser registration with the SEC pursuant to Rule 203A-2(b) of the Advisors Act and the SEC’s guidance on umbrella registration provided in general instructions to Form ADV. Unless otherwise stated, any reference made to MC Management includes the Relying Advisers hereinafter.

MC Management does not act as a general partner of any of its affiliated pooled investment vehicles and/or single investor funds (“SIFs”). Instead, certain of MC Management’s affiliates, including Monroe Capital Partners Fund LLC, Monroe Capital Partners Fund II, LLC, Monroe Capital Private Credit Fund I LLC, Monroe Capital Private Credit Fund II LLC, Monroe Capital Private Credit Fund III LLC, Monroe Capital



Private Credit Fund VT LLC, Monroe Capital Senior Secured Direct Loan Fund LLC, Monroe FCM Direct Loan Fund LLC, Monroe Private Credit Fund A LLC, Monroe Capital Fund GP S.à r.l., Monroe (NP) U.S. Private Debt Fund GP Ltd., Monroe Capital Opportunistic Private Credit Fund LLC, Monroe Capital Opportunistic Private Credit GP S.à r.l., Monroe Capital Private Credit Fund IV GP LLC, Monroe Capital Private Credit Fund IV GP S.à r.l., Monroe Capital Private Credit Versailles GP S.à r.l., Monroe Capital Private Credit Fund 559 GP LLC, Monroe Capital Private Credit Fund L LLC, Monroe Capital Private Credit STARR Fund GP LLC, Monroe Capital Private Credit Fund V GP LLC, and Monroe Capital Private Credit Fund V GP S.à r.l. serve as general partners to one or more of the pooled investment vehicles and/or SIFs and have delegated exclusive investment advisory and other authority with respect to such pooled investment vehicles and/or SIFs to MC Management. See *Item 10 – Other Financial Industry Activities and Affiliations* of this Brochure for more information regarding MC Management’s affiliated entities.

Advisory Services

MC Management provides discretionary portfolio management and investment advisory services to pooled investment vehicles, that focus on investing in private credit markets across various strategies including direct lending, asset based lending, specialty finance, opportunistic lending, real estate lending, structured credit and equity primarily in North America that require financing to fund a corporate event such as a buyout, recapitalization, ownership transfer, sourcing of expansion and growth capital or refinancing. MC Management primarily pursues transactions in such middle market companies by investing in senior and junior secured and unsecured loans, unitranche loans and other asset-based loans, leasing loans, receivables loans, consumer loans, mezzanine loans, stressed and distressed debt, investment and non-investment grade credit, structured debt and equity, warehouse loan facilities, securitized debt and subordinated notes of collateralized loan obligations and other types of securitized debt tranches.

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

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



Fund. The General Partner of a Fund reserves the right to enter into side letter agreements or arrangements with one or more investors in a Fund that alter, modify or change the terms of the interests held by such investors.

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

MC Management has, and may in the future, tailor its advisory services to the individual needs of single investor fund ("SIF"). MC Management may agree with a SIF to manage such SIF's assets against a particular benchmark or pursuant to an investment management agreement, which include provisions related to management fees, investment strategy, investment guidelines, termination rights, proxy voting and sub-adviser, if applicable. SIFs should be aware, however, that the aforementioned restrictions can limit MC Management's ability to act on behalf of a SIF and as a result, the SIF's performance may differ from and may be less successful than that of other Clients' accounts managed by MC Management which are not subject to such restrictions.

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

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

Wrap Fee Disclosure

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

Regulatory Assets Under Management

As of December 31, 2022, MC Management managed approximately \$15,198,016,376 of regulatory assets under management, of which all were on a discretionary basis and none were on a non-discretionary basis. The SEC has adopted a uniform method for advisers to calculate assets under management for regulatory purposes which it refers to as an adviser's "regulatory assets under management." Regulatory assets under



management are generally an adviser's gross assets, *i.e.*, assets under management without deduction for outstanding indebtedness or other accrued but unpaid liabilities. MC Management reports its regulatory assets under management in Item 5 of Part 1 of Form ADV which you can find at www.adviserinfo.sec.gov.



Item 5 Fees and Compensation

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

Fee Schedules

Private Funds (Other than CLO Funds)

Management Fees: In consideration for its advisory services to the Private Funds, MC Management receives a "**Management Fee**" from each respective Private Fund. The specific payment terms and other conditions of the Management Fees available to MC Management are set forth in the applicable Private Fund's Governing Documents, side letters and/or fee agreements. The Management Fees are generally a percent of the Private Funds' investors aggregate capital commitments or a percent of the Private Funds' total Invested Assets, on the appraisal date, payable quarterly or monthly in arrears or in advance. "**Invested Assets**" means, with respect to each Private Fund investor, at any time the sum of (a) such Private Fund investor's total prior capital contributions less any prior distributions that constitute return of such amounts plus (b) such Private Fund investor's pro rata share of the principal amount of any indebtedness incurred by the Master Fund and outstanding at such time, in each case, as determined by the Private Fund's General Partner or MC Management in its sole discretion. Management Fees are generally paid to MC Management in one of two ways: by deducting such fees from the applicable Private Fund or directly billing the Private Fund. Upon the termination of MC Management's Management Agreement with a Private Fund, MC Management will refund to the Private Fund the pro-rated portion of any Management Fee already paid by the Private Fund for the period following the effective date of such termination provided that nothing else was specified in the respective Fund's Governing Documents and/or Management Agreement, including that some Management Agreements provide for payment of management fees for up to one year upon termination in the absence of cause. MC Management and its affiliates will benefit from MC Management's relationship with and its receipt of Management Fees from the Private Funds. Such Management Fees and relationship will enhance the value of MC Management, and the Private Fund investors (other than those Private Fund investors holding direct or indirect interests in MC Management, if any) will not participate in any increase in the value of MC Management.

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



Performance-Based Fees payable to a General Partner on investment gains may create an incentive for the General Partner's affiliate, MC Management, to cause the Private Fund to make investments that are riskier or more speculative than would be the case if a performance-based compensation arrangement were not in effect. The Performance-Based Fees may create an incentive for MC Management to time investments, and the realization of investments, so as to maximize Performance-Based Fees rather than the returns of the Private Fund. In addition, Performance-Based Fees payable by a Private Fund have not been established on the basis of an arm's length negotiation among such Private Fund, on the one hand, and MC Management or its affiliates, on the other hand.

CLO Funds

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

Fees Generally

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

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

A Private Fund's Governing Documents generally permit MC Management or its respective General Partner to charge and deduct Management Fees and/or Performance-Based Fees (collectively, "Advisory Fees") directly from the assets of the Private Fund, at the times and in the amounts set forth in such Governing Documents. The ability of MC Management to deduct Advisory Fees for SIFs may be



negotiable. Collateral Management Fees, with respect to the CLO Funds, are paid to MC Management at the times and in the amounts set forth in the respective CLO Fund's Governing Documents by directly billing (*e.g.*, invoicing) the CLO Fund's respective trustee.

Advisory Fees for the Private Funds are generally payable on a quarterly or monthly basis and may be payable in advance or in arrears in accordance with the terms of the applicable Governing Documents.

Collateral Management Fees for the CLO Funds are generally payable on a quarterly basis in arrears in accordance with the terms of the applicable Governing Documents.

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

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

Other Fees and Expenses

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

Certain Funds may be considered "Parallel Funds" of one another, with parallel funds having common investment strategies but for one or more unique characteristics, such as the use of leverage. Other Funds that are not deemed to be Parallel Funds with one another may be considered "Other Monroe Clients" in relation to one another. A Fund may consist of feeder and intermediate funds investing in a common "master fund", as well as alternative investment vehicles.

Generally the Fund's Governing Documents typically provide that each Fund shall bear or pay its *pro rata* share of Fund Expenses (but not in duplicate), where "Fund Expenses" are those incurred on behalf of a defined universe of Parallel Funds and alternative investment vehicles ("Fund Entities"). To the extent that any Fund Expenses are incurred for the benefit of a Fund Entity and/or any of their related entities (or any combination of the foregoing), such Fund Expenses will generally be borne by each such vehicle *pro rata*



or in such other manner as the Firm considers fair and equitable under the circumstances based on the MC Management's expense allocation methodology.

In certain circumstances Organizational Expenses and Fund Expenses will be allocated among Fund Entities and Other Monroe Clients. To the extent that any Organizational Expenses or Fund Expenses (or their substantial equivalent) are incurred that benefit a Fund (or Fund Entities) and an Other Monroe Client(s), such Organizational Expenses or Fund Expenses (or their substantial equivalent) will generally be allocated *pro rata* or in such other manner as the MC Management considers fair and equitable under the circumstances, based on the MC Management's expense allocation methodology.

Operating Expenses: Each Fund, subject to its Governing Documents, will typically pay or otherwise bear all of the direct and indirect fees, costs, expenses and other liabilities or obligations resulting from or arising in connection with its operations (collectively, the "Operating Expenses"). The Operating Expenses of a particular Fund are set forth in its Governing Documents and/or through side letters and may include, without limitation:

- (i) any and all fees, costs and expenses incurred in connection with the evaluation, discovery, investigation, negotiation, development, acquisition, monitoring or disposition of the Fund's investments (whether or not consummated), including (a) loan fees, private placement fees, brokerage and sales fees and commissions, bank service fees, appraisal fees, advisory fees, research fees or expenses and/or dealer spreads, and fees, costs and expenses for access to one or more pricing services, including "Markit" and other similar services; (b) fees, costs and expenses (including fixed fees and performance-based fees and allocations) of the alternative investment fund manager ("AIFM") and of any other service providers (regardless of whether such service providers are affiliates of MC Management, a General Partner or their respective affiliates), to the extent permitted by law, and notwithstanding any indemnification thereof provided for in the Governing Documents of the relevant Fund; (c) interest, clearing and settlement charges, commitment fees, transfer taxes and premiums, underwriting commissions and discounts; (d) fees, costs and expenses relating to short sales; (e) fees, costs and expenses related to market data (including, without limitation, expenses incurred in connection with any multimedia, analytical, database, news or third-party research or information services and any computer hardware and connectivity hardware (*e.g.*, terminals and telephone and fiber optic lines) incorporated into the cost of obtaining such research and market data), legal, accounting, auditing (including, without limitation, auditor review of and reporting on controls, procedures, custody and valuation such as in an agreed upon procedures review), investment banking, third-party industry and due diligence experts (including, without limitation, for credit and risk analytics, and loss mitigation); (f) fees, costs and expenses of any experts, finders, senior advisors, originators, consultants (including sourcing consultants, operating consultants, research consultants, industry expert consultants and/or subject matter consultants) and other persons acting in a similar capacity (in each case, whether or not such persons are engaged by the Fund and/or its affiliates in a dedicated or exclusive capacity), including fixed fees (such as retainers) and/or performance-based fees and allocations, in each case, whether in the form of cash, options, warrants, stock or otherwise, and/or expenses of any of the foregoing persons, including travel, lodging, meals, cellular phone and other similar expenses; (g) filing and other related fees, costs and expenses; (h) fees, costs and expenses related to communications (including internet access fees associated with MC Management's investment professionals), travel (including international cellular charges), meals, lodging as well as late car services; and (i) all other fees, costs and expenses (including fees, costs and expenses payable to affiliates of MC Management or a General Partner) related to the evaluation, discovery, due



diligence investigation, negotiation, preparation and execution and delivery of any documents with respect to such investments (including any modification, supplement or waiver of any of the terms of such documents), development, acquisition, holding, monitoring, refinancing, recapitalization or disposition of potential or actual investments (whether or not consummated) (including travel, accommodations, meals and lodgings);

- (ii) any and all fees, costs and expenses incurred in connection with the carrying or management of the Fund's investments, including interest and related expenses and custodial, depository, trustee, record keeping (including administrator fees) and other administration fees, costs and expenses, operations fees, costs and expenses and reconciliation fees, costs and expenses and any and all fees, costs and expenses incurred in implementing or maintaining third-party or proprietary software tools, programs or other technology for the benefit of the Fund (including, without limitation, any and all fees, costs and expenses of any investment, books and records, portfolio compliance and reporting systems such as "Wall Street Office," "Everest," "Mariana," "iLevel," "Top Q," general ledger or portfolio accounting systems and similar systems and services, including, without limitation, consultant, software licensing, data management and recovery services fees and expenses) and fees and expenses incurred in maintaining appropriate security (including without limitation, cybersecurity measures (including consulting fees and the costs associated with engaging third parties to conduct threat assessments and periodic penetration testing) related to seeking to assure the cybersecurity of these and similar databases, software, programs or other technology for the Fund, MC Management and Fund service providers as may be required by applicable law or in accordance with regulatory guidance issued from time to time, including the costs of incident responses and the maintenance of cybersecurity related insurance policies);
- (iii) any and all fees, costs and expenses incurred in connection with the incurrence of indebtedness of the Fund, including borrowings, dollar rolls, reverse purchase agreements, any credit facilities, subscription facility, securitizations, margin financing and derivatives and swaps, and including any interest on the Fund's borrowings and indebtedness (including, without limitation, any fees, costs, and expenses incurred in obtaining lines of credit, loan commitments, and letters of credit for the account of the Fund and in making, carrying, funding and/or otherwise resolving investment guarantees);
- (iv) any and all fees, costs and expenses (including disbursements) of attorneys, auditors and accountants relating to Fund matters;
- (v) any and all fees, costs and expenses incurred in connection with the Fund's financial statements, reports, notices, tax returns and applicable tax forms (including any audits relating thereto), including the costs of creating, translating, printing and distributing such financial statements, notices, reports, tax returns and applicable tax forms (whether by the Fund, any affiliate of the Fund and/or any service provider or agent engaged by the Fund and/or its affiliate in connection therewith), and any postage costs and expenses related to Fund matters;
- (vi) any and all fees, costs and expenses with respect to representation by the partnership representative and designated individual (each as defined in the applicable Governing Documents for the relevant Fund) of the Fund and the investors in the Fund;
- (vii) any and all taxes and other governmental charges that may be incurred or payable by the Fund (including transfer taxes and premiums and all entity-level taxes and fees);
- (viii) any and all fees, costs and expenses relating to the maintenance of registered offices, corporate licensing and similar expenses;



- (ix) any and all insurance premiums, costs or expenses in connection with the activities of the Fund, including, without limitation, errors, omissions, fidelity, crime, cybersecurity, general partner liability, directors' and officers' liability and similar coverage for any person acting on behalf of the Fund, its General Partner, MC Management or their respective affiliates, whether or not the Fund would have the power to indemnify such person against such liability and such insurance provided for in the Governing Documents of the relevant Fund;
- (x) any and all fees, costs and expenses (including accounting, legal or regulatory fees and expenses) incurred (a) to comply with any law or regulation related to the activities of the Fund (including (I) legal or regulatory fees, costs and expenses of a Fund's General Partner, MC Management, the AIFM or any of their affiliates in connection with ongoing compliance, filing and reporting obligations under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Foreign Account Reporting Requirements, the Alternative Investment Fund Manager Directive ("AIFMD") as implemented in Ireland and Luxembourg or any other applicable laws, including fees and expenses related to the retention of, and services provided by, any service provider or agent engaged by the Fund and/or its affiliate in connection with such compliance, and, for the avoidance of doubt, not including the preparation and filing of Form ADV, and (II) filing fees, costs and expenses and expenses related to the preparation and filing of Form PF, AIFMD Annex IV and other similar regulatory filings) or (b) in connection with any litigation or governmental review, audit, inquiry, investigation or proceeding involving any entity in the Fund, its General Partner, MC Management or their respective affiliates, including the amount of any judgments, settlements or fines paid in connection therewith, except, however, to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the Governing Documents of the relevant Fund;
- (xi) any and all fees, costs and expenses incurred in connection with distributions to investors in a Fund as provided in the Governing Documents of the relevant Fund;
- (xii) any and all fees, costs and expenses incurred in connection with any meeting of the Fund's investors (including any annual or special meeting of the Fund's investors or other meeting of MC Management or its affiliates that is generally open or applicable to all Fund investors) or advisory committee of the Fund, including, without limitation, travel, meal and lodging expenses of MC Management and its representatives, and ancillary activities related thereto;
- (xiii) out-of-pocket expenses incurred by members of the Fund's advisory committee and their designees in connection with the fulfillment of their duties pursuant to the Governing Documents of the relevant Fund, including, without limitation, travel expenses incurred in connection with attending Fund advisory committee meetings (including, without limitation, transportation, meal and lodging expenses);
- (xiv) any and all fees, costs and expenses paid by the Fund with respect to potential investments or potential co-investments that are not consummated, including any portion of such expenses that is not borne by co-investors, whether or not such co-investor is MC Management or one of its affiliates;
- (xv) a proportionate share of any and all fees, costs and expenses incurred in connection with the formation and organization and operation of any special purpose entity and/or co-investment vehicle (which portion may include any fees, costs and expenses incurred in connection with establishing co-investment vehicles in connection with proposed investments that are not consummated, but not a co-investor's proportionate share of such amounts);



- (xvi) any and all fees, costs and expenses incurred in connection with the dissolution, winding up or termination of the Fund, its General Partner, any special purpose entity and/or co-investment vehicle;
- (xvii) any and all fees, costs and expenses incurred in connection with any amendments, modifications, revisions or restatements to the constituent documents of the Fund, any special purpose entity and/or co-investment vehicle;
- (xviii) any and all fees, costs and expenses incurred in connection with compliance with side letters and/or other similar written agreements and “most favored nations” processes;
- (xix) any and all fees, costs and expenses incurred in connection with computing the value of the assets of the Fund (including, without limitation and as applicable, any and all fees, costs and expenses associated with advisors, accountants, auditors, independent valuation agents, independent pricing services and third-party valuation consultants);
- (xx) any and all fees, costs and expenses related to the Fund’s indemnification obligations pursuant to the applicable Governing Documents of the relevant Fund;
- (xxi) any and all fees, costs and expenses incurred by the Fund, its General Partner, MC Management or their respective affiliates or employees or any service provider for, or resulting from, any hedging transactions of the Fund;
- (xxii) any fee or expense payable to the AIFM or administrator to the Fund; and
- (xxiii) the Advisory Fees.

Each investor may be required to reimburse the Fund (and such reimbursement may, at the option of the General Partner, be withheld from distributions otherwise payable to such investor) for such investor’s allocable share of taxes (and any associated interest, penalties and additional related charges therewith) imposed directly or indirectly on the Fund or any entity in which the Fund has a direct or indirect interest, including any such taxes arising from Chapter 63 of the Internal Revenue Code of 1986, as amended from time to time (the “Code”), as amended by the Bipartisan Budget Act of 2015 and any analogous state, local or non-U.S. equivalent (the “BBA Rules”) and withholding taxes imposed under Sections 1441–1446 of the Code.

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

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



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

Transaction Fees and Other Fees

Subject to the Governing Documents of each Fund, each Fund investor's share of the Management Fee will typically be reduced by its share (based on the investor's committed capital in the Fund) of the Fund's *pro rata* share (determined at the discretion of the Fund's General Partner by taking into account the source of funds with respect to any investment) of any commitment fees, break-up fees, termination fees, closing fees and other similar fees related to the origination and servicing of investments of the Fund, in each case received by the Fund's General Partner, MC Management or any of their respective affiliates (other than the Fund) or any of their respective direct or indirect members, partners, officers, directors or employees, in each case in connection with or otherwise attributable to the consummation, holding or disposition of a potential investment or an investment of the Fund or the termination of an identified and committed but unconsummated investment prior to such time (in each case, net of any related direct or allocable expenses with respect to such investment, and in each case only to the extent such fees are related to actual or identified and committed but unconsummated investments of the Fund) (collectively, "Fee Income"); provided, that the Management Fee will not be reduced or offset by all or any portion of (a) any fees paid to Monroe Credit Advisors LLC (together with its successors, "Monroe Credit Advisors") for investment banking, debt placement or advisory services with respect to potential and existing investments of the Fund, (b) administrative agent fees, (c) syndication fees not directly attributable to investments made by the Fund, (d) any fees paid to a Future Affiliated Broker (as defined herein), including underwriting placement fees, syndication fees, transaction fees, commissions, underwriting discounts, interest payments and other compensation or (e) any *pro rata* portion of such "fee income" attributable to any investment made by a Parallel Fund. The Governing Documents of certain Funds allow for a portion of commitment fees, closing fees, origination fees and other similar fees related to the origination of investments to be retained by MC Management instead of reducing Management Fees as outlined above.

If the Fund and another Fund(s) managed by MC Management or its affiliates, have participated (or, in the case of an unconsummated investment, would have participated) in an investment generating Fee Income, such Fee Income will be allocated *pro rata* among the Fund and any such other Fund, including, for the avoidance of doubt, any co-investors), participating (or, in the case of an unconsummated investment, that would have participated) in the transaction giving rise to such Fee Income based on their relative participation (or, in the case of an unconsummated investment, their relative proposed participation) in the transaction in question or in such other proportion as determined by MC Management in its discretion to be fair and equitable under the circumstances. For avoidance of doubt, the Management Fee will not be reduced or offset by other Funds' or co-investment vehicles' *pro rata* share of such Fee Income.

Once the Fund has been allocated its *pro rata* portion of such Fee Income (as described above), such Fee Income will be further allocated *pro rata* among all of the Fund investors based on their commitments (or such other method as the Fund's General Partner or MC Management in its discretion deems is fair and equitable under the circumstances), and the amount so allocated to the Management Fee-bearing Fund investors will be applied to reduce the amount of Management Fees payable with respect to such Fund



investors. Credits will be applied against the Management Fee otherwise payable in the quarterly period that follows receipt of such Fee Income by the Fund's General Partner, MC Management or their respective affiliates (other than the Fund), or by their respective direct or indirect members, partners, officers, directors or employees, and, if necessary, will be carried forward to future quarterly periods; *provided*, that notwithstanding the foregoing, if immediately prior to the termination of the applicable Management Agreement, there remains any amount of credits that have not been applied to offset Management Fees, then MC Management will pay directly to each Management Fee-bearing capital account of the Fund such investor's allocable portion of such amounts. In each instance, the amount of any Fee Income subject to offset shall be net of any direct or allocable expenses relating thereto (including expenses incurred in the process of earning such Fee Income). Each Fund investor that does not pay any Management Fee shall receive a *pro rata* allocation of such credits as if such investor were a Management Fee-bearing investor.

Allocation of Expenses.

MC Management and its affiliates have incurred and may from time to time further incur expenses on behalf of one or more Funds and Other Monroe Clients. To the extent such fees, costs and expenses benefit more than one Fund or Other Monroe Client, each Fund or Other Monroe Client will typically bear an allocable portion of any such fees, costs, and expenses generally in proportion to the size of its investment in the activity or entity to which the expense relates (subject to the terms of applicable Governing Documents) or in such other manner as MC Management considers fair and equitable under the circumstances based on MC Management's expense allocation methodology. Although MC Management and its respective affiliates endeavor to allocate such fees, costs, and expenses on a fair and equitable basis over time, there can be no assurance that such expenses will in all cases be allocated appropriately. For example, consistent with the prior practice of MC Management based on MC Management's expense allocation methodology, Other Monroe Clients that share the same legal and tax structure as certain Fund Entities that intend to operate within and benefit from tax treaties (the "Tax Treaty Funds") may be allocated professional services fees incurred on behalf of the Tax Treaty Funds *pro rata* in accordance with the final aggregate commitments of such Tax Treaty Funds. Accordingly MC Management's expense allocation policy provides that these Fund's may, subject to their organizational expense cap, reimburse MC Management and its affiliates for the Fund's (or Fund Entity's) *pro rata* share of such Organizational Expenses and their substantial equivalents associated with that Fund and such Other Monroe Clients. As of the date hereof, the General Partner anticipates that such substantially equivalent expenses incurred on behalf of the Tax Treaty Funds will be allocated to those Tax Treaty Funds.

In addition, the Governing Documents of certain Funds allow for a portion of commitment fees, closing fees, origination fees and other similar fees related to the origination of investments to be retained by MC Management.

Sales-Based Compensation

Neither MC Management nor any of its supervised persons accepts compensation for the sale of securities or other investment products. This practice presents a conflict of interest and gives MC Management or its supervised persons an incentive to recommend investment products based on the compensation received, rather than on a particular Fund's needs.

Please refer to the applicable Fund's Governing Documents for a full list of fees and expenses.



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

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

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

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

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

Like all investment advisers who advise multiple accounts or funds having different fee structures, MC Management and its personnel face actual and potential conflicts of interest, including an incentive to favor those Funds in which MC Management or its personnel have greater pecuniary interests over other Funds managed by MC Management. Such conflicts of interest and MC Management's practices that are designed to mitigate such conflicts of interest are discussed below. As a general matter, MC Management addresses such conflicts by following a thorough, detailed, and consistent investment decision-making process and by regular reviews of investments by MC Management's investment staff. See "*Potential Conflicts of Interest*" under Item 11 below for additional information on potential and actual conflicts of interest.



Item 7 Types of Clients

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

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

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



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

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

Methods of Analysis

Idea Generation: MC Management's deal origination professionals identify new investment opportunities generally through MC Management's proprietary national, regional and local network of industry relationships formed throughout the past two decades. MC Management's origination platform consists of dedicated senior professionals who average over 20 years of experience. MC Management's origination platform is comprised of not only regional coverage in North America, but also specialists in several large industries such as healthcare, technology, media, and retail and consumer products and a vertical that is focused on specialty finance transactions. MC Management's origination team makes it a point to attend local trade meetings, regional conferences and middle market focused organization events throughout the United States.

Strategic Relationships: MC Management has cultivated substantial relationships with strategic bank partners, including many regional banks. Certain of strategic bank partners are existing investors in one or more Clients and/or provide financing to one or more Clients through leverage facilities and subscription lines of credit. Accordingly, MC Management believes these relationships create a significant competitive advantage for Clients - the banks are not only a powerful source of deal flow, but more importantly are key partners that team with MC Management and the Funds to effectively execute unitranche and A/B financing structures. The banks usually provide critical working capital asset-based revolving credit facilities, while MC Management provides the term loan component. This combination allows the borrower to achieve a lower overall cost of capital, while allowing the Funds to achieve higher incremental deal pricing. The regional banks benefit from deposits, operating accounts, treasury management and other services without significantly impacting their balance sheet.

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

- **Due Diligence** – MC Management utilizes well-defined credit and underwriting criteria and proprietary investment management tools. Standard due diligence items will typically include in-person meetings with senior management and company owners, onsite visits, detailed calls with key customers and suppliers and examination of compatibility with MC Management's Environmental, Social and Governance ("ESG") Policy. MC Management may also utilize third-party firms to conduct quality of earnings analyses, special purpose accounting reviews, asset and



enterprise value appraisals, background checks on senior company management, field audits, technology reviews and business plan reviews. As part of this detailed process, MC Management will utilize recognized and experienced vendors (such as external legal counsel and accounting firms) in order to promote consistency and efficiency.

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

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

Investment Strategy

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

- (i) *Integrated Business Model with Strong Credit Expertise.* MC Management and its affiliates rely on MC Management's partners' active participation in, and experience with, credit markets to gain understanding of transaction sourcing, investing, operating and exit opportunities. As an integrated



business, MC Management's structured credit fixed income, structured debt and securitized product businesses are operated on an integrated investment platform with no information barriers.

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

In addition, a Client's investment portfolio has contained and may, in the future, contain securities issued by publicly held companies, including special purpose acquisition companies.

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

Risk of Loss

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

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

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

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



Nature of Investments; Inherent Illiquidity and Volatility. Although Clients' investments are expected to be primarily secured, some 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 that any portfolio company cannot generate adequate cash flow to meet debt service, Clients may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of Clients. Furthermore, the companies and securities in which Clients will invest generally will not be rated by a credit rating agency, and if they were rated, they could be lower rated. Non-rated debt instruments and securities are subject to greater risk of loss of principal and interest than higher-rated debt instruments and securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay dividends and interest and repay principal. They are also generally considered to be subject to greater risk than debt instruments and securities with higher ratings in the case of deterioration of general economic conditions. The market for lower-rated and comparable non-rated debt instruments and securities is thinner, often less liquid, and less active than that for higher-rated and comparable non-rated debt instruments and securities, which can adversely affect the prices at which such debt instruments and securities can be sold and may even make it impracticable to sell such debt instruments and securities.

Clients make or purchase loans, a substantial portion of which will be illiquid and have no, or only a limited, trading market. A Client's investment in illiquid loans may restrict its ability to dispose of investments in a timely fashion and for a fair price and may result in the inability to pursue other favorable investment opportunities. Because of the unique and customized nature of most loan agreements, loans cannot be sold as easily as publicly traded securities. Loans made or purchased by Clients may encounter trading delays due to their unique and customized nature, and transfers may be prohibited without the consent of an agent bank or the borrower. In addition, Clients may invest in privately placed loans that may or may not be freely transferable under the laws of the applicable jurisdiction or due to contractual restrictions on resale, and even if such privately placed loans are transferable, the prices realized from their sale could be less than those originally paid by a Client or less than what may be considered the fair value of such obligations.

The return of principal of the loans held by Clients will depend in large part on the creditworthiness and financial strength of the issuers of such loans. MC Management intends to monitor on an ongoing basis the creditworthiness of issuers of loans in which Clients will invest; *however*, there can be no guarantee that such monitoring will prevent an event of default by a borrower. If there is a default by a borrower under any of the loans held by a Client, the Client will, under most normal circumstances, have contractual remedies pursuant to the loan agreements, including possibly the sale of collateral. However, exercising such contractual rights may involve delays or costs and any available collateral may prove to be unsaleable or saleable only at a price less than the loan amount, which could result in a loss to the Client. Furthermore, a default by the borrower under any of loans held by a Client may result in the Client being unable to liquidate such loans prior to the dissolution of the Client. Such loans may end up being restructured on terms that might result in the Client being unable to liquidate such loans prior to the dissolution of the Client. As a result, upon the dissolution of the Client, the investors in the Client may receive in-kind distributions in respect of such loans.

A loan or debt obligation may become non-performing for a variety of reasons. Such non-performing loans may require substantial workout negotiations or restructuring that may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of the principal amount of the loan and/or the deferral of payments. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery. A Client may also incur additional expenses to the extent that it is required to seek recovery upon



a default on a loan or participate in the restructuring of such obligation. The liquidity for defaulted loans may be limited, and to the extent that defaulted loans are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon. In connection with any such defaults, workouts or restructuring, although a Client may exercise voting rights with respect to an individual loan, the Client may not be able to exercise votes in respect of a sufficient percentage of voting rights with respect to such loan to determine the outcome of such vote.

Debt instruments may be detrimentally affected to the extent that there is insufficient collateral. There can be no assurance that the value assigned by MC Management to collateral underlying a debt instrument held by a Client will be realized upon liquidation, nor there any assurance that collateral will retain its value. In addition, certain debt instruments may be supported, in whole or in part, by personal guarantees made by individuals affiliated with the borrower or their relatives, or guarantees made by a corporation or other entity affiliated with the borrower. The amount realizable with respect to a debt instrument may be detrimentally affected if a guarantor fails to meet its obligations under the guarantee. Moreover, the value of collateral supporting such debt instruments may fluctuate. Finally, there may be a monetary, as well as a time, cost involved in collecting on defaulted debt instruments and, if applicable, taking possession of and subsequently liquidating various types of collateral.

The market value of loans held by a Client may be volatile and generally will fluctuate due to a variety of factors that are inherently difficult to predict, including, among other things, the financial condition of the obligors on, or issuers of, the loans, general economic conditions, the condition of certain financial markets, domestic and international economic or political events, developments or trends in any particular industry, prevailing credit spreads and changes in prevailing interest rates.

Active lending/origination by a Client may subject it to additional regulation, as well as possible adverse consequences to the Client and/or its investors.

Debt obligations are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk). There can be no guarantee that MC Management, on behalf of Clients, will be successful in making the right selections and thus fully mitigate the impact of credit risk on the Clients. A debt security or obligation may be subject to redemption at the option of the issuer. If a debt security or obligation held by the Clients is called for early redemption, the Clients will be required to permit the issuer to redeem such security or obligation, which could have an adverse effect on the Client's ability to achieve its investment objective.

While each Client expects to receive interest payments on its loans to portfolio companies, and expects a return of the principal amount invested, a portion of the return to Client investors will depend on gains generated from participation in equity securities issued by portfolio companies, and there can be no guarantees as to whether any such gains will be generated, and if generated, when they will be realized.

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



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

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

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

Concentration Risk. From time to time, as permitted by the Client's applicable Governing Documents, a substantial portion of the Client's investments may be invested in a single issuer, or single investment, such that as a result, any single loss may have a significant adverse impact on the capital of the Client. Similarly, from time to time, as permitted by the Client's applicable Governing Documents, the Client may hold investments in the same industry, asset type, geography or other similar classification. Accordingly, the assets of the Client may be subject to greater risk of loss than if they were more widely diversified, since the failure of one or a limited number of investments or type of investments could have a material adverse effect on the Client. Although Clients' portfolio are expected to be constructed in a manner that will avoid significant concentration in any particular issuer, company type, asset type, industry, industry segment, asset class or geography, as determined by MC Management, Clients may concentrate investments in a particular issuer, company type, asset type, industry, industry segment, asset class or geographic region, such that their investment will become more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect thereto. As a result, the aggregate return of a Client may be adversely affected by the unfavorable performance of one or a small number of investments. Furthermore, to the extent that the capital raised is less than the targeted amount, a Client may exceed certain targeted concentration targets or invest in fewer issuers and therefore be less diversified.

Regulation and Enforcement; Litigation. Clients are subject to regulation by laws at local and national levels and in multiple jurisdictions, including foreign countries. Specific and general regulations addressing capital markets, including tax laws and regulations, whether in the United States or abroad, could increase



the cost of acquiring, holding, or divesting portfolio investments, the profitability of investments, and the costs of operating the Clients. Additional regulation could also increase the risk of third-party litigation.

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

Clients may be subject to state and federal regulation, borrower disclosure requirements, limits on fees and interest rates on some loans, state lender licensing requirements, and other regulatory requirements in the conduct of its business as an originator, lender, acquirer, or servicer of consumer and commercial loans. In circumstances in which a state license is required, the applicant may experience delays in obtaining licenses due to the application requirements and processes involved. Clients may also be subject to consumer disclosures and substantive requirements on consumer loan terms and other federal regulatory requirements applicable to consumer lending that are administered by the CFPB. These state and federal regulatory programs are designed to protect borrowers, not to protect investors in the Client. Compliance with these regulatory requirements imposes staffing, legal, compliance and other costs and administrative burdens.

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

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

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



seeking penalties or consumer redress or in a state or the CFPB prohibiting Clients from operating certain businesses within their jurisdictions.

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

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

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

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

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

Risk Retention Rules; Impact on CLOs. Pursuant to Section 15G of the U.S. Securities Exchange Act of 1934, as amended by Section 941 of the Dodd-Frank Act (collectively, the “Risk Retention Rules”), an entity acting as a “sponsor” of a “securitization transaction” is generally required to retain at least 5% of



the credit risk of the assets it securitizes either directly or through a “majority-owned affiliate” (an “MOA”), as such terms are defined for purposes of the Risk Retention Rules. The U.S. Retention Rules require that the holder of the mandated retention interests hold such retention interests without transferring or hedging the credit risk represented by those interests for a significant period of time. To the extent MC Management or an affiliate, in its capacity as collateral manager of a securitization transaction, is required to comply with the Risk Retention Rules, this could prevent the CLO from mitigating losses on its interest in CLO equity.

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

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

Enhanced Scrutiny and Regulations of the Private Fund and Financial Services Industries. The global financial markets have in recent years gone through pervasive and fundamental disruptions that have led to extensive governmental intervention. Such intervention was in certain cases implemented on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, certain of these interventions have been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

In particular, the Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended (the “Dodd-Frank Act”), which aims to reform various aspects of the U.S. financial markets, covers a broad range of market participants including investment advisers (registered and unregistered) such as the Firm.

The Dodd-Frank Act is comprehensive in scope (including the so-called “Volcker Rule,” providing significant changes to the structure of federal financial regulation and new substantive requirements that apply to a broad range of market participants, including private investment funds). Significantly, the Dodd-Frank Act also mandates significant changes to the authority of the U.S. Federal Reserve System (the “Federal Reserve”) and the SEC as well as enhanced oversight and regulation of banks and non-bank financial institutions. This enhanced oversight and regulation and the need for significant additional rule-



making by various governmental bodies is creating uncertainty in the financial markets and, in particular, in the private fund industry. Among other things, such uncertainty may result in enhanced compliance risks.

Additional legislative and regulatory action is likely, as growth of the private fund industry, and the increasing size and reach of transactions, as well as the increased attention to private funds, has prompted governmental and public attention to the private fund industry and its practices. Changes to securities laws and regulations could occur during the term of a Client and may adversely affect the Client and its ability to operate and/or pursue its investment strategies. Such risks are often difficult or impossible to predict, avoid or mitigate in advance. The effect on Clients of any such regulatory or legal changes could be substantial and adverse.

In addition, as alternative asset managers become more influential participants in the U.S. and global financial markets and economy generally, the private funds industry has been subject to criticism by some politicians, regulators and market commentators. There have been similar concerns expressed in other European countries. Various federal, state and local agencies have been examining the role of placement agents, finders and other similar private equity service providers in the context of investments by public pension plans and other similar entities, including investigations and requests for information.

The private fund industry has been subject to increased political and regulatory scrutiny. For example, in addition to the U.S. legislation described above, other jurisdictions, including many European jurisdictions, have proposed modernizing financial regulations that have called for, among other things, increased regulation of and disclosure with respect to, and possibly registration of, private funds. There is therefore a material risk that regulatory agencies in Europe, the United States or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private equity industry, or other changes that could adversely affect private equity firms and the funds they sponsor, including the Clients.

In summary, regulation generally as well as regulation more specifically addressed to the private fund industry, including tax laws and regulation, whether in Europe, the United States or elsewhere, could increase the cost of making, holding or divesting investments, the profitability of enterprises and the cost of operating the Clients. Additional regulation could also increase the risk of third-party litigation. The transactional nature of the business of the Clients exposes them, the General Partners, the Firm and each of their respective affiliates generally to the risks of third-party litigation.

Monetary Policy and Governmental Intervention Affecting the Broader Investment Climate. The Board of Governors of the Federal Reserve and certain non-U.S. central banks, including the European Central Bank, take governmental actions to stabilize markets and seek to encourage economic growth. Actions by the Federal Reserve and other central banks, including changes in policies, may continue to have a significant effect on interest rates and on the United States and world economies generally, which in turn may affect the performance of a Client's investments on an absolute and/or relative basis. In addition, the consequences of the extensive changes to the regulation of various markets and market participants contemplated by legislation and increased regulation arising out of the global financial crisis have not been fully implemented in all cases and therefore the ultimate effects thereof are difficult to predict or measure with certainty. Recently, certain U.S. banks, citing Federal Reserve liquidity requirements and/or the costs and/or decreased profitability of holding capital deposits, have pursued imposing a negative interest rate and/or a balance sheet utilization fee on certain deposits from certain institutional customers. Other non-U.S. banks have also adopted similar measures. Negative interest rates and/or fees of this type could have



an adverse effect on private equity funds such as the Clients. Clients may be forced to bear such costs, effectively losing money on cash deposits, or seek to find alternative means of holding short-term reserves and cash balances. Such alternative arrangements may bear greater risk of loss of principal, longer lock-up periods (e.g., money market funds or certificates of deposit) or other less favorable terms. In addition, as a result of the foregoing, Clients may choose to keep less cash or reserves on hand which could result in a greater frequency of capital calls from Client investors and/or greater reliance on borrowing, along with related costs.

Impact of the Silicon Valley Bank Failure. On March 10, 2023, Silicon Valley Bank (“SVB”) was closed by the California Department of Financial Protection and Innovation (“DFPI”), and the Federal Deposit Insurance Corporation (“FDIC”) was named receiver of the closed bank. On March 12, 2023, Secretary of the U.S. Treasury Department, Janet L. Yellen, Federal Reserve Board Chair, Jerome H. Powell, and FDIC Chairman, Martin J. Gruenberg, after receiving a recommendation from the boards of the FDIC and the Federal Reserve and consulting with President Biden, approved actions enabling the FDIC to complete its resolution of SVB, in a manner that Secretary Yellen described would fully protect all depositors and give them access to all of their money starting Monday, March 13, 2023. A similar resolution was announced with respect to Signature Bank, New York, New York (“Signature Bank”), which was similarly closed on March 12, 2023 by its state chartering authority.

While the immediate issues resulting from the failures of SVB and Signature Bank appear to have been mitigated, the instances of such banking failures can and are resulting in market volatility and disruption, and any such future emergencies have the potential to create materially adverse impacts on economic production and activity in ways that cannot be predicted, all of which may result in substantial losses to the Fund.

The ultimate impact of such banking failures and the resulting lack of confidence in the global financial markets on global economic conditions, and on the operations, financial condition, and performance of any particular industry or business, is impossible to predict. However, potential additional materially adverse effects, including a global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible. Even if SVB’s and Signature Bank’s failures are isolated, it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

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



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

European Commission Action Plan on Financing Sustainable Growth. The European regulatory environment for alternative investment fund managers and financial services firms continues to evolve and increase in complexity, making compliance more costly and time-consuming. On July 6, 2021 the European Commission published its “strategy for financing the transition to a sustainable economy”, which built on previous initiatives and reports including the European Commission’s March 2018 Action Plan on Financing Sustainable Growth (collectively, the “EU Action Plan”), to set out an updated EU strategy for sustainable finance. The EU Action Plan identified several legislative initiatives, including the SFDR (as defined below), which began to apply from March 10, 2021, and the regulation on the establishment of a framework to facilitate sustainable investment (2020/852) (the “Taxonomy Regulation”), which began to apply in respect of the first two environmental objectives from January 1, 2022. Both the SFDR and the Taxonomy Regulation are intended to produce greater transparency for investors in assessing the environmental and social impacts of their investments. The SFDR requires transparency with regard to the integration of sustainability risks and the consideration of adverse sustainability impacts in an alternative investment fund manager’s processes and the provision of sustainability-related information with respect to alternative investment funds, which may have an impact on AIFMs and certain Funds and their ability to achieve their investment objectives. Compliance with frameworks of this nature may create an additional compliance burden and costs to funds and/or fund managers because of the need to collect certain information to meet the disclosure requirements. In addition, where there are (i) uncertainties regarding the operation of the framework, (ii) a lack of official, conflicting or inconsistent regulatory guidance, (iii)



a lack of established market practice and/or (iv) data gaps or methodological challenges affecting the ability to collect relevant data, in each case, funds and/or fund managers may be required to engage third party advisors and/or service providers to fulfill the requirements, thereby exacerbating any increase in compliance burden and costs. To the extent that other applicable jurisdictions enact similar laws and/or frameworks, there is a risk that certain Funds may not be able to maintain alignment of a particular investment within such frameworks, and/or may be subject to additional compliance burdens and costs, which might adversely affect the investment returns of these Funds.

AIFM is subject to the requirements of the EU Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, as amended, supplemented or replaced from time to time (“SFDR”), which include: (i) publishing information on its website about its policies on the integration of sustainability risks in its investment decision-making process, (ii) publishing on its website: (A) a detailed statement on its due diligence policies with respect to principal adverse impacts of investment decisions on sustainability factors, taking into account the size, nature and scale of their activities, or (B) clear reasons for why it does not do so, including, where relevant, information as to whether and when it intends to consider such adverse impacts, (iii) publishing on its website and including in its remuneration policies (as maintained in accordance with sectoral legislation), information on how remuneration policies are consistent with the integration of sustainability risks, and (iv) ensuring that marketing communications do not contradict the information disclosed pursuant to the SFDR. The SFDR also requires AIFMs to include sustainability related information on the alternative investment fund’s pre-contractual disclosures and periodic reports, and, depending on the strategy of its alternative investment fund(s), on websites.

Environmental, Social and Governance Matters. A series of initiatives are ongoing at the EU level to implement the SFDR and the regulation on the establishment of a framework to facilitate sustainable investment (2020/852) (“Taxonomy Regulation”). Both the SFDR and Taxonomy Regulation have a staggered application. Although a majority of SFDR has a direct effect from March 10, 2021, its practical implementation relies on the Regulatory Technical Standards (“SFDR RTSs”)¹. The same holds true for the Taxonomy Regulation which is also, in part, implemented by the SFDR RTSs. The SFDR RTSs will start applying from January 1, 2023 but there remains considerable uncertainty as to their application. As such, AIFMs and certain Funds will have to continue monitoring the latest developments with respect to, and assess the impact of, the SFDR, the SFDR RTSs and the Taxonomy Regulation and, if need be, may need to re-evaluate the classification of certain Funds. As a result of this uncertainty, it is also difficult to assess the costs of compliance with the SFDR (including the SFDR RTSs) and the Taxonomy Regulation by AIFMs and certain Funds. Moreover, there is also a risk that certain Funds’ SFDR classification will affect the pool of investors such Funds will be able to target.

On August 2, 2021, a number of delegated regulations that are part of the EU Action Plan and, amongst others, amend the MiFID II Delegation Regulation 2017/565 (“Level 2 MiFID II”) and the Commission Delegated Regulation (EU) 231/2013 (“Level 2 AIFMD”), were published in the Official Journal of the EU. The relevant regulations require ESG considerations and sustainability risks to be integrated into the

¹ Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of (i) the content and presentation of the information in relation to the principle of 'do no significant harm', (ii) the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and (iii) the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives, in each case, in pre-contractual documents, on websites and in periodic reports.

respective internal organizations of asset managers and investment firms and apply from August 1, 2022, August 2, 2022 and November 22, 2022, respectively.

Compliance with the SFDR (including the SFDR RTSs), the Taxonomy Regulation and any other applicable ESG-related legislation or regulations is expected to result in increased legal, compliance, reporting and other associated costs and expenses which will be borne by certain Funds and may reduce investor returns.

To the extent applicable, certain Funds will bear the costs and expenses of compliance with the SFDR, the Taxonomy Regulation and any other applicable ESG-related legislation or regulations, including costs and expenses of monitoring their application to such Funds, collecting and calculating data and the preparation of policies, disclosures and reports, in addition to other matters that relate solely to marketing and regulatory matters. AIFMs reserve the right to adopt such arrangements as they deem necessary or desirable to comply with any applicable requirements of the SFDR, the Taxonomy Regulation and any other applicable ESG-related legislation or regulations.

Impact of Sustainability Risk. On occasion, certain investments that may be made by the Funds may be negatively impacted by “Sustainability Risks” (ESG risks that, if they occur, could cause an actual or a potential material negative impact on the value of the Fund’s investments) in a manner that may be unpredictable. Sustainability Risks may impair the value of the investments made by the Fund, including the loss of the entire amount invested in a portfolio company or sector. Sustainability Risks may arise and impact a specific investment made by the Fund or may have broader impact on an economic sector, geographical regions or countries, which, in turn may adversely impact the Fund’s investments.

The risks posed by climate change and other ESG issues may lead to proposals for increasing governmental regulation and proposals for additional taxation and/or unfunded governmental spending to finance transition to carbon neutrality, and it is expected that such future regulation, governmental spending and/or taxation may increase, leading to additional direct and indirect costs for certain Funds, whether or not following an ESG led or influenced investment policy.

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

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



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

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

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

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

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



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

Use of Leverage. Certain Clients, as permitted by their applicable Governing Documents, may incur debt to finance investments (either singly or on a portfolio basis). While leverage presents opportunities for increasing a Client's total return, it has the effect of potentially increasing the volatility of the performance of a Client, including the risk of total loss of the amount invested. Accordingly, any event that adversely affects the value of an investment or group of investments by a Client would be magnified to the extent a Client is leveraged. The cumulative effect of the use of leverage by a Client in a market that moves adversely to a Client's investments could result in a substantial loss to a Client, which would be greater than if a Client was not leveraged. Leverage will increase the exposure of a Client to adverse economic factors such as significantly rising interest rates, severe economic downturns or a deterioration in the condition of a Client's investments or their corresponding markets.

The extent to which a Client uses leverage may have important consequences to Client investors, including, but not limited to, use of cash flow for debt service, rather than for additional Investments, distributions or other purposes. In addition, from time to time, to the extent that leverage is employed, a Client may be required to refinance transactions on a relatively frequent basis. The Fund's ability to achieve its objective and target returns is dependent on a Client's ability to achieve financing at economically advantageous rates. To the extent refinancing facilities are not available in the market at economic rates or at all, a Client may be required to sell assets at disadvantageous prices, may not be able to make Investments it otherwise would have made, and/or may not be able to achieve the leverage it would otherwise find it advantageous to achieve. Any such deleveraging may result in losses which could be severe and accordingly could have a material adverse effect on the performance of a Client.

Leverage – Recourse to Client Assets. To the extent a Client is permitted by their applicable Governing Documents to utilize leverage, one or more investments or other assets of a Client may be pledged to secure the indebtedness of a Client. If a Client becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to a Client's assets generally and may not be limited to any particular investment or asset, such as the loan or property giving rise to the liability. In addition, since there is no security created for the benefit of investors to secure the Client's obligations in respect of the interests, on any insolvency of the Client, Client investors could rank behind the Client's financing and hedging counterparties, whose claims will be considered as indebtedness of the Client and may be secured. To the extent the General Partner of the Client chooses to use special purpose vehicles for individual transactions to reduce recourse risk, the *bona fides* of such entities may be subject to later challenge based on a number of theories, including veil piercing, substantive consolidation and other grounds. Clients may provide guarantees in support of credit facilities used to acquire investments, Operating Expenses relating to investments and/or in connection with derivative transactions, and there can be no assurance that such guarantees will not have adverse consequences for the Client. There is also a risk that the life of the assets securing a debt obligation of the Client is not appropriately matched with the term of such debt obligation, which could result in liquidity issues or the risk that assets have to be sold to pay borrowings.

Leverage – Subscription Facility Debt. Certain Clients may also utilize indebtedness that is secured by commitments of Client investors. Investors whose commitments have been pledged may be called upon to fund their entire commitment to repay indebtedness, and the failure of other investors to honor their commitments may result in a Client investor's payments exceeding its *pro rata* share of the indebtedness.



Use of Leverage by Portfolio Companies. It is anticipated that a substantial portion of a Client's assets will be lent to, or invested in, companies that have leverage. Factors such as rising interest rates, downturns in the economy, competitive pressures or deterioration in the condition of a portfolio company or its industry could put at risk a portfolio company's ability to meet its debt service obligations (including investments by the Client). If a portfolio company cannot generate adequate cash flow to meet its debt service obligations, the portfolio company may default on its loan agreements or be forced into bankruptcy resulting in a restructuring of the portfolio company's capital structure or liquidation of the portfolio company, and the Client may suffer a partial or total loss of invested capital.

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

Risks Associated with Certain Dispositions. In connection with the disposition of an investment in a portfolio company, Clients may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. It also may be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in contingent liabilities, which may ultimately have to be funded by the Client investors to the extent that the Client investors have received prior distributions from the Client or out of capital not yet drawn down.

Inability to Syndicate. Clients will originate loans and syndicate a portion of the Client's interest in such loans to co-investors and/or third parties. In the event that the Client is unable to syndicate a loan or loans as intended, the Client would be forced to retain larger amounts of such loan or loans than originally intended by the Client. In such an event, the Client's investment portfolio could become significantly concentrated in a particular loan or loans.

Lack of Sufficient Investment Opportunities. It is possible that Clients will never be fully invested if enough sufficiently attractive investments are not identified. In addition, Clients will be competing with a significant number of other private investment funds, as well as institutional and strategic (industry) investors, for investments in portfolio companies. The business of identifying and structuring debt investments is highly competitive and involves a high degree of uncertainty.

Projected Operating Results. Projected operating results for a company in which Clients invests (or in which a Client is considering an investment) will be very important in making an investment decision. In most cases these will be prepared by the management of the portfolio company and reviewed and adjusted by the management of MC Management. In all cases, projections are only estimates of future results that are based upon 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 impact on the reliability of projections.

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 Clients will make follow-on investments or that Clients will have sufficient funds to make all or any of such investments. Any decision by MC Management, on behalf of a Fund, not to make follow-on investments or a Client's inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment or may result in a lost opportunity for the Client to increase its participation in a successful operation.

Lender Liability and Equitable Subordination. In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed, "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to a borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain of the Fund's investments, the Fund could be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower; (ii) engages in other inequitable conduct to the detriment of such other creditors; (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors; or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." Because of the nature of certain of the Client's investments, the Client may be subject to claims from creditors of an obligor that debt obligations held by the Client should be equitably subordinated.

The preceding discussion regarding lender liability is based upon principles of U.S. federal and state laws. With respect to the Client's investments in a non-U.S. issuer, U.S. laws of certain non-U.S. jurisdictions may also impose liability upon lenders or bondholders under factual circumstances similar to those described above, with consequences that may or may not be analogous to those described above under U.S. federal and state laws.

Interest Rate Risk. Although Clients are expected to invest primarily in floating-rate interest loans, in the event that a Client invests in fixed-rate loans, it would be subject to interest rate risk. Generally, the value of fixed income instruments will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income instruments tends to decrease. Conversely, as interest rates fall, the market value of fixed income instruments tends to increase. This risk will typically be greater for long-term securities than for short-term securities. MC Management may attempt to minimize the exposure of a Client's portfolio to interest rate changes through the use of interest rate swaps, interest rate futures, interest rate options and/or other hedging strategies.

Inflation Impacts. Certain of the Clients' portfolio companies may be in industries that may be impacted by inflation, such as consumer goods and services and manufacturing. These portfolio companies may not be able to pass on to customers increases in their costs of operations which could greatly affect their operating results, impacting their ability to repay the Clients' loans. In addition, any projected future decreases in the Clients' portfolio companies' operating results due to inflation could adversely impact the fair value of those investments. Any decreases in the fair value of the Clients' investments could result in future unrealized losses.



Additionally, economic events will occur that create uncertainty and have significant impacts on issuers, industries, governments and other systems, including the financial markets, to which companies and their investments are exposed. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Inflation that occurs in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets, including in established markets such as the U.S. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat.

Uncertainty can result in or coincide with, among other things: substantial, and in some periods extremely high, rates of inflation, which can last many years and have substantial negative effects on credit and securities markets as well as the economy as a whole; increased volatility in the financial markets for securities, derivatives, loans, credit and currency; a decrease in the reliability of market prices and difficulty in valuing assets (including portfolio company assets); greater fluctuations in spreads on debt investments and currency exchange rates; increased risk of default (by both government and private obligors and issuers); the significant loss of liquidity and the inability to purchase, sell and otherwise fund investments or settle transactions (including, but not limited to, a market freeze); unavailability of currency hedging techniques; and recessions.

Inflation Risk. Client's performance may be adversely affected by inflationary conditions in any market in which the Client operates or in which its investments are located. Deterioration in economic conditions, or a significant rise in inflation, could cause a decrease in the relative value of any fixed income investments (or similar investments with fixed rates of return), bankruptcy and insolvency filings to increase, and the ability of borrowers to pay their debts or counterparties to satisfy their obligations could be adversely affected. This may in turn adversely impact a Client's business and financial results. If global credit market conditions and the stability of global banks deteriorate, the amount of lending and financing could be reduced, thus reducing the volume of investments available for purchase, which could adversely affect a Client's business, financial results and ability to succeed in various markets. Other factors associated with the economy that could influence a Client's performance include the financial stability of the lenders on any bank loans and credit facilities and a Client's access to capital and credit. Furthermore, inflationary pressures may result in the reduction of the value and relative performance of a Client's portfolio companies.

Non-Performing Nature of Loans. There are varying sources of statistical default and recovery rate data for loans and other debt securities and numerous methods for measuring default and recovery rates. The historical performance of the credit market or the leveraged loan market is not necessarily indicative of future results. It is anticipated that certain of the loans purchased by Clients may be non-performing or in default or become non-performing and/or default after they are purchased by Clients. Furthermore, the obligor and/or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments Clients will receive with respect to such non-performing or defaulted loans.

Distressed Investments. Clients may, directly or through affiliated entities, opportunistically invest in debt obligations, securities and assets that are inefficiently priced as a result of business, financial, market or legal uncertainties. The level of analytical sophistication, both financial and legal, necessary for successful returns on such investments is unusually high. There can be no assurance that MC Management will correctly evaluate the nature and magnitude of the various factors that could affect the value of a Client's investments.



In particular, Client may opportunistically purchase securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such investments may result in significant returns to Clients, they involve a substantial degree of risk and may not show any return for a considerable period of time, if at all. There is no assurance that MC Management will correctly evaluate the value of the assets collateralizing Clients' loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company that is funded by the Client, Clients may lose all or part of the amounts advanced to the issuer or may be required to accept collateral with a value less than the amount of the loan advanced by the Client to the issuer.

Special Situations. Clients may make investments in companies involved in (or the target of) acquisition attempts or tender offers, or companies involved in spin-offs and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved will be unsuccessful, take considerable time and/or result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Client of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Client may be required to sell its investment at a loss. In connection with such transactions (or otherwise), the Client may purchase securities on a when-issued basis, which means that delivery and payment take place sometime after the date of the commitment to purchase and are often conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, reorganization or debt restructuring, and such subsequent events may never occur. Additionally, the purchase price and/or interest rate receivable with respect to a when-issued security are fixed when the Client enters into the commitment, and such securities are subject to changes in market value prior to their delivery, including potential drops in value that lead to losses to the Client.

Borrower Fraud; Breach of Covenant. The Funds expect to seek to obtain structural, covenant and other contractual protections with respect to the terms of their investments as determined appropriate under the circumstances. However, there can be no assurance that such attempts to provide downside protection with respect to their investments will achieve their desired effect, and potential investors should regard an investment in the Funds as being speculative and having a high degree of risk. Of paramount concern in investments in senior secured loans, notes or bonds is the possibility of material misrepresentation or omission on the part of the borrower or other credit support providers or breach of covenant by such parties. Such inaccuracy or incompleteness or breach of covenants may adversely affect the valuation of the collateral underlying such loans, notes or bonds or may adversely affect the ability of the Funds to perfect or effectuate a lien on the collateral securing the loan or otherwise realize on the investment. The Funds will rely upon the accuracy and completeness of representations and satisfaction of covenants made by borrowers and their agents to the extent reasonable, but cannot guarantee such accuracy or completeness.

Insolvency Considerations with Respect to Issuers of Loans; Lender Liability; Equitable Subordination. One or more of the issuers of loans acquired by the Funds may become involved in bankruptcy or similar proceedings. There are a number of significant risks inherent in the bankruptcy process. First, many events in a bankruptcy are the product of contested matters and adversary proceedings and are beyond the control of the creditors. Second, the effect of a bankruptcy filing on a company may adversely and permanently affect the company. If the proceeding is converted to a liquidation, the liquidation value of the company may not equal the liquidation value that was believed to exist at the time of the investment. Third, the duration of a bankruptcy proceeding is difficult to predict. A creditor's return on investment can be adversely impacted by delays while the plan of reorganization is being negotiated,



approved by the creditors and confirmed by a bankruptcy court and until it ultimately becomes effective. Fourth, the administrative costs in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor's estate prior to any return to creditors. Fifth, bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization. Because the standard for classification is vague, there exists the risk that the Funds' influence with respect to the class of obligations or securities that they own can be lost by increases in the number and amount of claims in that class or by different classification and treatment of claims. Sixth, in the early stages of the bankruptcy process it is often difficult to estimate the extent of, or even to identify, any contingent claims that may be made. Seventh, certain claims that have priority by law (for example, claims for taxes) may be quite significant and debtor-in-possession financing can, under certain circumstances, "prime" the security interest that the Funds may have in the debtor's property.

In addition, it is possible that a court may invalidate, in whole or in part, the indebtedness underlying a loan as a fraudulent conveyance, subordinate such indebtedness to existing or future creditors of the obligor or recover amounts previously paid by the obligor in satisfaction of such indebtedness. In particular, a court could make such a determination if, in a lawsuit brought by a creditor or representative of creditors of an obligor on a loan, the court were to find that the obligor did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting the loan and, after giving effect to such indebtedness and the use of the proceeds thereof, the obligor (i) was insolvent; (ii) was engaged in a business for which the remaining assets of such obligor constituted unreasonably small capital; or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature. There can be no assurance as to what standard a court would apply in order to determine whether the obligor was "insolvent" or that, regardless of the method of valuation, a court would not determine that the obligor was "insolvent," in each case, after giving effect to the incurrence of such loan and the use of the proceeds thereof. In addition, in the event of the bankruptcy of an obligor under a loan acquired by the Fund, payments made on the loan may be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year under U.S. federal bankruptcy law or even longer under state laws) before bankruptcy.

In general, if payments on a loan are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured from the Fund.

Because of the nature of the loans intended to be acquired by the Funds, the Funds may be subject to allegations of lender liability or claims from creditors of an obligor that loans issued by such obligor that are held by the Funds should be equitably subordinated.

Pay-In-Kind Interest/Original Issue Discount. The loans made by the Funds may provide for original issue discount ("OID"), which are debt obligations issued at a discount from face value, and "pay-in-kind" ("PIK") interest. In such case, the Funds would be required to include amounts in taxable income on a current basis even though receipt of such amounts will occur in a subsequent year. Consequently, OID and PIK instruments may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of any associated collateral. The deferred payment associated with OID and PIK increases the risk that a portfolio company will not be able to make the deferred payments when they come due at the loan's maturity. Fluctuations in interest rates and the unavailability of funds could adversely affect the ability of a borrower to refinance the loan at maturity.



Hedging Policies/Risks. In connection with certain investments, Clients may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, commodities prices, currency exchange rates, as well as other risks. While such transactions may reduce certain risks, hedging transactions themselves entail other risks. Thus, while Clients may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, commodities prices, currency exchange rates or other factors may result in a poorer overall performance for Clients that enter into hedging transactions.**European Market Infrastructure Regulation.** On August 16, 2012, the European Market Infrastructure Regulation (EU No. 648/2012) (“EMIR”) entered into force. EMIR introduced certain requirements in respect of derivative contracts, which apply primarily to “financial counterparties” such as EU authorized investment firms, credit institutions, insurance companies, UCITS (the Undertakings for the Collective Investment in Transferable Securities) and AIFs (such as the treaty fund and the master fund) managed by EU authorized alternative investment fund managers, and “non-financial counterparties”, which are entities established in the EU that are not financial counterparties. Broadly, EMIR’s requirements in respect of derivative contracts are (i) mandatory clearing of OTC derivative contracts declared subject to the clearing obligation; (ii) risk mitigation techniques in respect of uncleared OTC derivative contracts (such as the exchange and segregation of collateral); and (iii) reporting and record-keeping requirements in respect of all OTC derivative contracts. The Funds may enter into OTC derivative contracts falling under EMIR. It is difficult to predict the full impact of these regulatory developments on the Funds. Prospective investors should be aware that the regulatory changes arising from EMIR may, in due course, significantly raise the costs of entering into certain classes of derivative contracts and may adversely affect the Funds’ ability to engage in transactions in derivatives.

Futures Contract Risks. The Funds may hold positions in futures contracts from time to time. A principal risk in holding positions in futures contracts is the traditional volatility and rapid fluctuation in market prices. The profitability of such positions will depend primarily on fluctuations in market prices. Price movements for futures are influenced by, among other things, governmental trade, fiscal, monetary and exchange control programs and policies, weather and climate conditions, changing supply and demand relationships, U.S. national and international political and economic events, changes in interest rates and the changing philosophies and emotions of market participants. In addition, governments from time to time intervene, directly and by regulation, in certain futures markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument and currency markets, and such intervention (as well as other factors) may cause these markets to move rapidly. The Funds’ ability to utilize commodity interests is expected to be limited by certain exemptions from registration as a commodity pool operator, which may preclude the Funds from using commodity interests in a profitable manner.

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

Participation Interests. Certain Clients may purchase participation interests in debt instruments that do not entitle the holder thereof to direct rights against the obligor. Participations held by a Client in a selling



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

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

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

The financial markets have experienced substantial fluctuations in prices and liquidity for leveraged loans in the past, but the leveraged loan market has shown signs of considerable improvement. Any further disruption in the credit and other financial markets may have substantial negative effects on general economic conditions, the operating performance and the availability of required capital for companies.



These conditions may also result in increased default rates and credit downgrades, and affect the liquidity and pricing of the investments made by MC Management's Clients. When the spreads for credit investments tighten, it may be difficult to locate investments that are desirable for MC Management's Clients. This difficulty may be especially acute in respect of more liquid credit investments such as broadly syndicated loans.

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

MC Management may also make equity investments in companies on behalf of its Clients. Equity investments may be more volatile than debt investments. They may be subject to significant risks, such as the risk of further dilution because of additional equity issuances, the risk that the equity investments will have limited minority protections, and the risk that the company in which MC Management's Clients hold equity interests may not create a liquidity event for such equity interests.

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

Debt – Credit and Interest Rate Risks. Credit risk refers to the likelihood that a borrower will default in the payment of principal and/or interest. Financial strength and solvency of a borrower are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of a loan, and securities and other debt instruments that are rated by rating agencies may be downgraded. The value of a debt instrument may decline because of concerns about an obligor's ability to make principal or interest payments.

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

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

Interest rate risk refers to the risk of market changes in interest rates. Interest rate changes may affect the value of debt. In general, rising interest rates will negatively impact the price of fixed rate debt, and falling



interest rates will have a positive effect on price. Adjustable rate debt also reacts to interest rate changes in a similar manner, although generally to a lesser degree. Interest rate sensitivity is generally larger and less predictable in debt with uncertain payment or prepayment schedules.

SOFR and Other Benchmark Interest Rates. On November 30, 2020, ICE Benchmark Administration (“IBA”) announced its intent to (i) cease publication of 1-week and 2-month USD London inter-bank offered rates (“LIBOR”) along with EUR, CHF, JPY, and GBP LIBOR on December 31, 2021, and (ii) extend the publication of USD LIBOR (1-, 3-, 6-, and 12-month) until June 30, 2023. IBA published a consultation feedback statement on March 5, 2021, affirming these previously announced LIBOR cessation dates.

A transition away from the widespread use of the various LIBOR tenors to alternative rates is well underway and is expected to occur over the course of the ensuing months.

To identify a successor rate for U.S. dollar LIBOR, the Alternative Reference Rates Committee (“ARRC”), a U.S.-based group convened by the Federal Reserve Board and the Federal Reserve Bank of New York, was formed. The ARRC identified the Secured Overnight Financing Rate (“SOFR”) as its preferred and recommended alternative rate for U.S. dollar LIBOR. The Firm and its affiliates intend to use SOFR as their sole benchmark rating (a “Benchmark Rate”).

The SOFR is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities. The SOFR includes all trades in the Broad General Collateral Rate plus bilateral Treasury repurchase agreement (“repo”) transactions cleared through the Delivery-versus-Payment (“DVP”) service offered by the Fixed Income Clearing Corporation (“FICC”), which is filtered to remove a portion of transactions considered “specials”. Specials are repos for specific-issue collateral, which take place at cash-lending rates below those for general collateral repos because cash providers are willing to accept a lesser return on their cash in order to obtain a particular security.

The SOFR is calculated as a volume-weighted median of transaction-level tri-party repo data collected from the Bank of New York Mellon as well as general collateralized finance repo transaction data and data on bilateral Treasury repo transactions cleared through FICC’s DVP service, which are obtained from the U.S. Department of the Treasury’s Office of Financial Research. Each business day, the New York Fed publishes the SOFR.

Although the SOFR appears to be a preferred replacement rate for U.S. dollar LIBOR, and it would appear that liquidity for the SOFR in Chicago Mercantile Exchange traded futures and options is deeper than for alternative Eurodollar transactions (an indication of the apparent acceptance of SOFR), there continues to be some risk associated with transitioning to SOFR due to its newness in general, and more specifically, with respect to legacy LIBOR loans and the manner in which interest rates for legacy loans will switch to SOFR.

As the SOFR is a secured risk-free-rate collateralized by U.S. Treasuries, it has not, and is not expected in the future to, behave in the same manner as LIBOR during times of market stress. In addition, as part of the transition to one or more replacement benchmarks, parties could seek to adjust the spreads relative to such benchmarks in underlying contractual arrangements.

Fund Investors should be aware that: (a) any of these changes or any other changes to Benchmark Rates from LIBOR to the SOFR could affect the level of the relevant published rate, including to cause it to be



lower and/or more volatile than it would otherwise be; (b) if the applicable rate of interest on any loan is currently or initially calculated with reference to a LIBOR tenor which is discontinued, such rate of interest could then be determined by the provisions of the affected loan, which could include determination by the relevant calculation agent based on market convention that might or might not be developed at that time, or the loan could otherwise be subject to a certain degree of contractual uncertainty; (c) the administrators of Benchmark Rates will not have any involvement in the investments of the Fund and could take any actions in respect of Benchmark Rates without regard to the effect of such actions on such investments; (d) any uncertainty in the value of a Benchmark Rate or, any uncertainty in the prominence of a Benchmark Rate as a benchmark interest rate due to the recent regulatory reform, could adversely affect liquidity of Client's debt investments in the secondary market and their market value; and (e) an increase in alternative types of financing in place of Benchmark Rate-based loans (resulting from a decrease in the confidence of borrowers in such rates) could make it more difficult to source loans or reinvest proceeds in loans.

If the SOFR or any other Benchmark Rate used by a Client post LIBOR is itself subsequently discontinued, it is uncertain whether broad and consistent replacement conventions and methodologies will be developed in the lending market and, if conventions develop, what those conventions will be and whether they will create adverse consequences for an issuer of debt obligations, or the holders of any such debt obligations. If no such conventions develop, it is uncertain what effect broadly divergent interest rate calculation methodologies in the markets will have on the price and liquidity of the lending market and the ability of the General Partner to effectively mitigate interest rate risks.

Though most newly-originated debt obligations in which a Client could seek to make investments are likely to refer to the SOFR, or if linked to LIBOR, would provide mechanisms to amend the reference rate for their applicable interest rates, there can be no assurance that any such amendment (i) will be entered into, (ii) that is entered into will effectively mitigate interest rate risks or result in an equivalent methodology for determining such interest rates, (iii) will be entered into prior to any date on which the relevant debtholders, such as the Client in its capacity as a debtholder, suffer adverse consequences from the elimination or modification or potential elimination or modification of LIBOR and/or the SOFR or (iv) will not have a material adverse effect on the Client in its capacity as a debtholder and the liquidity of such floating rate investments.

Any of the above or any other significant change to the setting of a Benchmark Rate could have a material adverse effect on the value of, and the amount payable under, any loan or other debt instrument held by Client which pays interest linked to a Benchmark Rate.

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

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



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

Debt – Assignments and Participations. MC Management also may invest in loans either directly (e.g. by purchase from the borrower or by assignment) or indirectly (e.g. by way of participation interest). Holders of participation interests are subject to additional risks not applicable to a holder of a direct interest in a loan, such as the additional credit risk of the counterparty, the lack of voting rights and the lack of direct enforcement rights in connection with a loan default.

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

Valuation. Clients will hold loans, securities or other financial instruments or obligations for which no market exists, which are thinly traded, or which are restricted as to their transferability under applicable securities laws, including investments where the a Client or its affiliates are the only holders of such investments. The process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties, and the resulting values may differ from values that would have been determined had a ready market existed for such securities, from values placed on such securities by other investors and from prices at which such securities may ultimately be sold. In addition, third-party pricing information may at times not be available regarding certain assets of a Client. Further, the value of its investments which can be liquidated may differ, sometimes significantly, from their valuations, due to size, concentration, or other factors. Performance information of a Client is therefore dependent upon the valuation procedures of MC Management, and such values may not ultimately be realized. In addition, certain cross-transactions and other transactions between a Client and other Clients managed by MC Management, to the extent permitted, are subject to valuation risk and certain conflicts of interest.

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

Long-Term Investments. Client's investments will be long-term in nature, and it is uncertain when profits on Client's investments will be realized, if ever. Although Clients may earn interest or dividends currently on some of its investments, it is not generally expected that invested capital will be returned for years after making an initial investment. In general, withdrawals of interests are not permitted. In addition, interests are not redeemable.



Investments Longer than Term. Clients may make investments that may not mature or be advantageously disposed of prior to the date a Client is dissolved, either by expiration of the Client's term or otherwise. Although MC Management expects that investments will mature or be sold prior to dissolution, a Client may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. In addition, there can be no assurances with respect to the timeframe in which the winding-up and the final distribution of proceeds or in-kind distributions to a Client's investors may occur.

Usury Considerations. The loans made by Clients are subject to the provisions of various background laws, including state usury laws, which may limit the amount of interest, broadly defined, that may be charged with respect to a loan. The violation of applicable usury laws may lead to financial penalties, rescission rights or other borrower remedies. Although MC Management does not intend to engage Client in conduct that it expects would violate any applicable usury laws, the potential exists for a borrower to assert that the usury laws of particular jurisdiction apply to a loan transaction.

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

Global Investments. MC Management may invest Client assets in the debt, loans or other investments in issuers located outside the United States. In addition to business uncertainties, political, social and economic uncertainty affecting a country or region may affect these investments. Many financial markets are not as developed or as efficient as those in the United States. As a result, the liquidity for these investments may be lower and price volatility may be higher compared with investments in U.S. issuers. The legal and regulatory environment may also be different, particularly as to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information for such companies. These investments may also result in losses because of exchange rate fluctuations.

Senior Loans Risk. Clients are expected to invest, directly or through affiliated entities, in senior secured loans. Senior secured loans are usually rated below investment grade or may also be unrated. As a result, the risks associated with senior secured loans may be considered by credit rating agencies to be similar to the risks of below investment grade fixed income instruments, although senior secured loans are senior and secured in contrast to other below investment grade fixed income instruments, which are often subordinated or unsecured. Investment in senior secured loans rated below investment grade is considered speculative because of the credit risk of their issuers. Such companies are more likely than investment grade issuers to default on their payments of interest and principal owed to the Client, and such defaults could have a material adverse effect on the Client's performance. An economic downturn would generally lead to a higher non-payment rate, and a senior secured loan may lose significant market value before a default occurs. Moreover, any specific collateral used to secure a senior secured loan may decline in value or become illiquid, which would adversely affect the senior secured loan's value. Senior secured loans are subject to a number of risks described elsewhere in this Memorandum, including liquidity risk and the risk of investing in below investment grade fixed income instruments.

There may be less readily available and reliable information about most senior secured loans than is the case for many other types of securities, including securities issued in transactions registered under the



Securities Act or registered under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). As a result, MC Management will rely primarily on its own evaluation of a borrower’s credit quality rather than on any available independent sources. Therefore, Clients will be particularly dependent on the analytical abilities of MC Management.

In general, the secondary trading market for senior secured loans is not well developed. No active trading market may exist for certain senior secured loans, which may make it difficult to value them. Illiquidity and adverse market conditions may mean that Clients may not be able to sell senior secured loans quickly or at a fair price. To the extent that a secondary market does exist for certain senior secured loans, the market for them may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods.

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

Investment in Unitranche Debt. Clients may also invest in unitranche debt, which is an instrument that combines senior secured debt and subordinated debt into a single debt instrument. Unitranche loans are subject to similar risks associated with loans in general. In addition, because unitranche loans are a newer form of debt instrument and they have not been fully evaluated through a credit cycle, they may subject the Client to risks that cannot be fully identified at this time. Further, the complex terms of unitranche debt have not yet been widely tested in bankruptcy and workout situations. As a result, default and loss expectations are more difficult to estimate with respect to unitranche debt as compared to other forms of debt instruments such as senior loans and subordinated debt instruments. In particular, in a bankruptcy proceeding involving a unitranche loan, there is a risk that the entire unitranche loan will be viewed as a single secured claim. If the collateral is insufficient to secure the entire unitranche loan, it may be deemed as an unsecured claim in its entirety. The untested nature of unitranche loan arrangements also exposes the Client to a heightened risk of litigation among the lender group in the event of bankruptcy.

Loan Origination. MC Management and/or its affiliates may originate loans on behalf Clients. In making loans, Clients will compete with a broad spectrum of lenders, some of which may have greater financial resources than Clients, and some of which may be willing to lend money on better terms (from a borrower’s standpoint) than Clients. Increased competition for, or a diminution in the available supply of, qualifying loans may result in lower yields on such loans, which could reduce returns to Clients. The level of analytical sophistication, both financial and legal, necessary for successful financing to companies, particularly companies experiencing significant business and financial difficulties, is unusually high. There is no assurance that MC Management will correctly evaluate the value of the assets collateralizing these loans or the prospects for successful repayment or a successful reorganization or similar action.



In addition, loan origination involves a number of particular risks that may not exist in the case of secondary debt purchases, including:

- When originating loans, MC Management will generally have to rely more on its own resources to conduct due diligence of the borrower, which will likely be more limited than the diligence conducted for a broadly syndicated transaction involving an underwriter;
- Loan origination may involve additional regulatory risks given the requirement to hold a license for certain types of lending in some jurisdictions. MC Management will review and take advice on the loan origination regulations in each relevant country and seek to ensure that Clients' investments are compliant with such regulations. However, the scope of these regulatory requirements (and certain permitted exemptions) varies from jurisdiction to jurisdiction and may change from time to time; and
- The borrowers may in some circumstances be of higher credit risk who could not obtain debt financing in the syndicated markets.

In addition to the above, originating loans to private and lower middle-market companies involves risks that may not exist in the case of large, more established and/or publicly traded companies, including:

- These companies may have limited financial resources and limited access to additional financing, which may increase the risk of their defaulting on their obligations, leaving creditors, such as the Client, dependent on any guarantees or collateral that they may have obtained;
- These companies frequently have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render such companies more vulnerable to competition and market conditions, as well as general economic downturns;
- There will not be as much information publicly available about these companies as would be available for public companies, and such information may not be of the same quality;
- These companies are more likely to depend on the management talents and efforts of a small group of persons; as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations;
- These companies generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence and may require substantial additional capital to support their operations, finance their expansion or maintain their competitive position; and
- These companies may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

Real Estate Investments. Clients may invest in a variety of real estate and related transactions, either as a direct investment or through investment in other entities, including affiliates of the Client. The value of real estate is subject to market conditions, and adverse changes in the local real estate market may lower the value that may be derived from a liquidation. Other risks incident to the ownership and operation of commercial and residential real estate include (i) dependence on cash flow; (ii) changes in supply of, or demand for, competing properties in an area (as a result of over-building); (iii) changes in the financial conditions of tenants, buyers and sellers of properties; (iv) changes in the availability of debt financing; (v) energy and supply shortages; (vi) laws assigning liability to the owners of real estate properties for



environmental hazards existing on such properties; (vii) changes in tax, real estate, environmental and zoning laws and regulations; (viii) various uninsured or uninsurable risks; (ix) natural disasters; and (x) challenges inherent in developing and managing real properties.

Adverse changes in real estate markets increase the probability of default on mortgage loans, as the incentive of the borrower to retain equity in the property declines. Loans may become non-performing for a wide variety of reasons, including, without limitation, because the mortgaged property is too highly leveraged and therefore unable to generate sufficient income to cover its debt service, because of poor management or physical condition, or because local economic conditions adversely affect the potential of the property to generate income. Non-performing mortgage loans often require workout negotiations and/or restructuring, which may entail, among other things, a write-down of the principal of the loan and/or reduction of the interest rate. In addition, in the event that foreclosure of a mortgage loan is required, the foreclosure process is often lengthy and expensive, sometimes taking several years. Furthermore, the foreclosure process can itself disrupt the use of the property, thereby reducing the economic returns.

A number of factors may affect the value of real estate properties, including, among other things, diversification of the tenant base (*i.e.*, reliance on one or only a few tenants versus a greater number of tenants or tenants in similar types of businesses versus a greater diversity of businesses); the location, appearance, amenities and other physical attributes of the properties; and competition from other office properties. Office properties generally require their owners to expend significant amounts for general capital improvements, tenant improvements and costs of re-letting space. In addition, office properties that are not equipped to accommodate the needs of modern businesses may become functionally obsolete and thus non-competitive or may require substantial capital investment to upgrade facilities in order to be competitive. Office properties may also be adversely affected if there is an economic decline in the businesses operated by their tenants. The risks of such an adverse effect are increased if the property revenue is dependent on a single tenant or if there is a significant concentration of tenants in a particular business or industry.

Consumer Loans. Clients may invest in consumer loans. Such loans may be at the time of acquisition, or may become after acquisition, non-performing for various reasons. With respect to collateralized loans, the underlying property may be too highly leveraged, poorly managed or substantially in need of rehabilitation. Such non-performing and sub-performing loans may require a substantial amount of workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of the loan. Moreover, MC Management may find it necessary or desirable to foreclose on some if not many of the loans acquired. This foreclosure process may be lengthy and expensive. The value of the loan will be adversely impacted by a decline in the value of the underlying collateral, which is likely to be beyond the control of the Client. Finally, there is unlikely to be a liquid secondary market for these types of investments. Consequently, Clients may not be able to dispose of these investments at prices that reflect their value or the amount paid to acquire them.

In addition, certain investments of Clients may consist of loans offered through lending platforms that are serviced by third-party servicers. These loans are risky and speculative investments and will represent unsecured obligations of a variety of borrowers, the identities of whom are not made available to any investor, including Clients. In deciding whether to purchase a loan, investors, such as Clients, will not have access to financial statements or other detailed financial information of the borrowers and therefore will not be able to verify the identity of any borrower or independently evaluate their creditworthiness. As a result, MC Management, on behalf of its Clients, must rely on the efforts of such third-party servicer for such information.



All such loans purchased by Clients will be subject to risk of borrower default. The lending platform will generally assign a borrower an investment rating based on the borrower's and any guarantor's credit score. Credit scores are heavily dependent on the historical default or delinquency rate of the person or entity rated. However, there can be no assurance that historical default or delinquency rates of a particular borrower will be indicative of future loss rates or the likelihood of the delinquency or default by the same borrower. The credit score may also be based on outdated, incomplete or inaccurate consumer reporting data. In addition, lending platforms use proprietary methodologies to assign a rating to a potential borrower; however, there is no assurance such rating will actually reflect the creditworthiness of a borrower.

Consumer Lending. Clients will engage in originating, lending and/or servicing loans, and may therefore be subject to state and federal regulation, borrower disclosure requirements, limits on fees and interest rates on some loans, state lender licensing requirements and other regulatory requirements in the conduct of its business. Clients may also be subject to consumer disclosures and substantive requirements on consumer loan terms and other federal regulatory requirements applicable to consumer lending that are administered by the Consumer Financial Protection Bureau. These state and federal regulatory programs are designed to protect borrowers.

State and federal regulators and other governmental entities have the authority to bring administrative enforcement actions or litigation to enforce compliance with applicable lending or consumer protection laws, with remedies that can include fines and monetary penalties, restitution of borrowers, injunctions to conform to law or limitation or revocation of licenses and other remedies and penalties. In addition, lenders and servicers may be subject to litigation brought by or on behalf of borrowers for violations of laws or unfair or deceptive practices. Failure to conform to applicable regulatory and legal requirements could be costly and have a detrimental impact on the Client.

Bank Loans. Clients will invest, directly or through affiliated entities, in loans and participations. These obligations are subject to unique risks, including (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Client to directly enforce its rights with respect to participations. In analyzing each bank loan or participation, MC Management compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Client.

Non-Controlling Investments. Generally, Clients will hold non-controlling interests in portfolio companies and, therefore, will have a limited ability to influence management of its portfolio companies to protect the Client's position therein. Although MC Management will endeavor to negotiate negative covenants and other contractual restrictions for each portfolio company, it will primarily be the responsibility of portfolio company management to operate each portfolio company on a day-to-day basis.

Below-Par Securities. MC Management's Clients may invest in securities that are valued at, or trading below, their par value-this includes securities, private claims and obligations of domestic and foreign entities that are experiencing significant financial or business difficulties. Below-par securities may result in significant returns to the Client, but also involve a substantial degree of risk. Client's may lose a substantial portion or all of its investment in a distressed environment or may be required to accept cash or securities with a value less than the Client's investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it may frequently be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected



by state and Federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the Bankruptcy Court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such instruments may be greater than normally expected. In trading distressed securities, litigation sometimes arises. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses.

Securitized Products. Clients may from time to time, as part of their opportunistic investment activities, invest, directly and indirectly (including through promissory notes issued by an affiliate of MC Management), in securitized products such as securitized debt and/or subordinated notes of CLO securities or products related to such obligations (including warehousing vehicles or facilities), including, without limitation, promissory notes (that may be collateralized by CLO equity interests) issued by an affiliate of MC Management in order to comply with Dodd-Frank Act and EU risk retention rules, or make loans to origination entities that are investing in CLO securities. Securitized products may present risks similar to those of the other types of investments in which Clients may invest and, in fact, such risks may be of greater significance in the case of securitized products. Moreover, investing in securitized products may entail a variety of unique risks. Among other risks, securitized products may be subject to prepayment risk. In addition, the performance of a securitized products will be affected by a variety of factors, including its priority in the capital structure of the issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets. When any such investments (other than Affiliated CLOs, as discussed herein below) are made, a Client investor will effectively be paying, in addition to the compensation payable to MC Management, such investor's proportionate share of any management fees, or other compensation, charged by the manager of such securitized products, CLOs or other similar entities, as well as its *pro rata* portion of the expenses incurred by such entity.

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



proportionate share of any management fees, or other compensation, charged by the manager of such CLOs or other similar entities, as well as its *pro rata* portion of the expenses incurred by such entity.

Affiliated Collateralized Loan Obligations. Clients may purchase securities (both in the new issue and secondary market) in CLOs managed by MC Management (each, an “Affiliated CLO”). An Affiliated CLO may pay fees and/or other performance-based compensation to MC Management; *provided*, that the Client’s proportionate share of any such compensation (based on the proportion of the Client’s investment in such Affiliated CLO to the total debt and equity capital invested in such Affiliated CLO) is either waived, rebated to the Client or offset on a dollar-for-dollar basis against performance fees or Management Fees paid by the Client to MC Management.

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

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

A CLO issuer’s portfolio may be subject to concentration risk. The issuer’s actual portfolio investments may differ from its expected portfolio investments. A CLO issuer’s performance will depend, in part, on the portfolio manager’s performance with respect to the purchase and sale of the issuer's portfolio investments. A portion of such portfolio investments may amortize or prepay. The reinvestment period may terminate early. The issuer may not be able to reinvest available funds in appropriate portfolio investments, and the longer the period before investment or reinvestment of its funds in portfolio investments, the greater the adverse impact may be on interest collections and distributions by the issuer. Illiquidity and market value volatility of the issuer’s portfolio investments and its own investment restrictions may restrict its ability to dispose of investments in a timely fashion and for a fair price. CLO securities may be subject to optional or mandatory redemption under certain circumstances. In certain



circumstances, a CLO issuer may amend the indenture relating to its CLO securities without the consent of the holders of its CLO securities. Reliable sources of statistics regarding prepayments, default and recovery rates and market value volatility may not exist for certain portfolio investments and existing information may not be indicative of future performance. The portfolio manager may have conflicts of interest as a result of the overall investment activities of it, its investment professionals and its affiliates. The portfolio manager's entitlement to fees may create incentives for it to make decisions that are contrary to the best interests of investors. The portfolio manager's performance history is no guarantee, and may not be indicative, of a CLO issuer's future results. Because of different portfolio restrictions, structures and market conditions, among other things, the issuer's performance may differ markedly from that of other vehicles whose portfolios are managed by the portfolio manager. No assurance can be given that any particular individual will be responsible for managing the issuer's portfolio for any length of time. The loss of key portfolio manager personnel could have a material adverse effect on the issuer.

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

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

Investments in Pooled Investment Funds. Client may invest in one or more other pooled investment funds, some of which may be managed or advised by MC Management or an affiliate thereof. In such circumstances, Management Fees and/ Performance-Based Fees that would otherwise be charged by the Client may be charged at the level of such pooled investment fund with an offset to the Management Fees and/or Performance-Based Fee that would otherwise be charged by the Client. In addition, such management fees, incentive fees and/or other performance-based allocations or fees may be calculated on a different basis and/or at different times than if they were charged at the level of the Client. MC Management will ensure, however, that the Client's investment in such pooled investment vehicle will not cause Client investors to bear management fees, incentive fees and/or other performance-based allocations or fees in an aggregate amount greater than the amount they would bear if all management fees, incentive fees and/or other performance-based allocations or fees were calculated and charged at the level of the Client. Clients may also incur other fees and expenses in respect of an investment in such pooled investment funds, which could result in greater expense than if the Client invested directly in the investments of such pooled investment fund, and Client investor returns will be net of all such fees and expenses.

Principal Transactions. In connection with MC Management's management of Clients, MC Management and its affiliates expect to engage in principal transactions. Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Generally, if an investment adviser or an affiliate thereof proposes to purchase



a security from, or sell a security to, a client (what is commonly referred to as a “principal transaction”), MC Management must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent to the transaction.

Offer of Instruments Held by Clients. MC Management or its affiliates may engage in transactions in which it causes a Client to purchase securities or other instruments from, or sell securities or other instruments to, other funds or managed accounts managed by MC Management and/or its affiliates, so called “cross-trades,” for other reasons as may arise from time to time, including to acquire or dispose of Affiliated Residual Investments (as defined below). In particular, at the end of the term of a Client, MC Management and/or its affiliates intend to cause any remaining assets of the Client to be sold to other Clients in such cross-trades. MC Management and/or its affiliates will not take brokerage commissions or otherwise be compensated for effecting these cross-trades. MC Management intends that cross-trades will reflect the fair market value of the security or other instrument being purchased or sold as determined by MC Management and/or its affiliates in accordance with MC Management’s policies and procedures. Prior to effecting any cross-trade, MC Management will make a good faith determination that the transaction is in the interests of the Client and the other participating client account.

Transactions with Monroe Funds and Third-Party Funds. Client may acquire investments from other Clients advised by MC Management at their fair value as determined by a valuation agent appointed by MC Management to value the investment for both the Client and the liquidating fund or other Clients (“Affiliated Residual Investments”). In doing so, MC Management may have an incentive to cause the Client to acquire such investments in order to facilitate the complete and orderly liquidation of the other Client such that MC Management’s factors in considering such an acquisition by the Client may take into consideration the best interests of all the liquidating other Client as well as those of the Client and will not be constrained by acting solely in the exclusive best interests of the Client. There is the risk to the Client in acquiring Affiliated Residual Investments (and a significant probability) that the value ultimately realized by the Client will be materially different (and may be less) than the fair value estimated by the independent valuation agent. It is anticipated that any Affiliated Residual Investment will be difficult to value accurately and that realization of such investments may be well into the future such that the amount ultimately realized will turn on the passage of time, the creditworthiness of the issuer, interest rate fluctuations and numerous other factors.

It is anticipated that other Clients will acquire investments from the Client, including, without limitation, investments that have not matured or are otherwise outstanding as part of the process of the Client’s complete and orderly liquidation. In this context, MC Management may have an incentive to cause the Client to sell Affiliated Residual Investments to other Clients either to “prime” such other Client or Clients or to facilitate the liquidation of the Client. By investing in the Client, prospective Client investors will consent that MC Management will not be constrained by acting solely in the exclusive best interests of the Client when causing the Client to sell Affiliated Residual Investments to such other Clients at an independently estimated fair value. There is the risk to the Client (and the probability) that the value ultimately received by such other Client at a date in the future may be materially different (and may be more than) the price paid to the Client.

Interests in Other Managers. MC Management expects to hold controlling and non-controlling interests in, or otherwise acquire, other private fund managers (“Target Managers”). A Target Manager may have access to material non-public information that may be attributable to MC Management and thus preclude Clients and MC Management from pursuing certain investments that could be attractive and profitable for



the Clients. In addition, a Target Manager's advisory clients may make investments or take positions that conflict or compete with investments held or targeted by the Clients.

While MC Management will perform diligence on Target Managers (including background checks on key personnel of the management team), it will be difficult, and likely impossible, for MC Management to protect itself and the Clients from the risk of Target Manager fraud, misrepresentation, failure to comply with applicable legal, registration, tax or regulatory requirements. Target Managers, and the funds they manage, might become involved in litigation or regulatory actions for any number of reasons. If any Target Manager or its fund(s) are so involved, it could be exposed to substantial liabilities or losses, which could in turn materially and adversely affect MC Management and its Clients and cause reputational damage to MC Management and/or its Clients.

Special Purpose Acquisition Companies. MC Management has, in the past, caused and may, in the future, cause Clients to invest in special purpose acquisition companies ("SPACs"), which are companies formed for the purpose of effecting a merger, share exchange, asset acquisition, share repurchase, reorganization or similar business combination with one or more businesses. These SPAC investments by Clients include SPACs sponsored by certain employees, principals and affiliates of MC Management ("MC Sponsored SPACs"). In addition to investing in the equity of the sponsors of the MC Sponsored SPACs ("MC SPAC Sponsor Equity"), certain employees, principals or affiliates of MC Management acted as officers or directors of, or provided other services to, MC Sponsored SPACs. Certain investors of the Clients (*i.e.*, the underlying beneficial owners of certain Funds) (hereinafter referred to as "Advisory Client Investors") also invested in MC SPAC Sponsor Equity. MC Management and its employees, principals, and affiliates to date have sponsored and invested in five SPACs, as described further below in Item 10.

- ***Investments in SPACs Generally.*** The Clients have invested and may, in the future, invest in SPACs, including MC Sponsored SPACs. A SPAC is a publicly-traded company formed for the purpose of raising capital through an initial public offering ("IPO") to fund the acquisition, through a merger, capital stock exchange, asset acquisition, or other similar business combination with one or more businesses.

The Clients have invested and may, in the future, invest in securities issued by SPACs and in private investments in public equity ("PIPEs") associated with a SPAC. Investments in a SPAC create a number of significant risks, including the risk that the SPAC will be unable to locate and acquire target companies by the applicable deadline and may be forced to liquidate its assets, which may result in losses due to the expenses and liabilities of the SPAC. SPACs may not be as actively traded as other types of listed securities and may have a concentrated shareholder base that tends to be composed of institutional investors, investment advisers and/or hedge funds (at least at inception). In addition, a SPAC will apply to have its units listed on a national securities exchange. A SPAC cannot guarantee that its securities will be approved for listing or, if approved, that its securities will continue to remain listed on such exchange. If an exchange delists a SPAC's securities from trading on its exchange and the SPAC is unable to list on another exchange, the ability of the Clients to enter into transactions in the SPAC's securities could be limited and the market value of the Clients' securities could be adversely affected. The value of any operating business acquired by a SPAC could decrease following its acquisition by the SPAC.

- ***Investments in MC Sponsored SPACs.*** MC Management and certain of its principals, employees or other persons associated with MC Management and its affiliates have sponsored, and may, in



the future, sponsor and provide other services to, certain SPACs in which certain Clients have invested and may, in the future, continue to invest. It is expected that in connection with MC Sponsored SPACs, the Clients may participate in IPOs of such SPACs, enter into a forward purchase agreement with such SPACs and/or participate in any associated PIPE. In addition, MC Management and/or its principals, employees and affiliates and Advisory Client Investors have invested and may, in the future, invest in MC SPAC Sponsor Equity. MC SPAC Sponsor Equity will be worthless if the SPAC does not complete an initial business combination before the relevant deadline. MC Management and its principals, employees and affiliates and Advisory Client Investors have committed and may, in the future, commit to purchase private placement warrants in an MC Sponsored SPAC, thereby enabling the successful completion of a business combination. There may be limitations on the ability of Advisory Client Investors to sell, transfer or otherwise dispose of MC SPAC Sponsor Equity and warrants or other SPAC-related investments.

MC Sponsored SPACs have a limited operating history and any MC Sponsored SPAC in the future will be a newly formed company with no operating results and will not commence operations until obtaining funding through an IPO. Although MC Management will endeavor to evaluate risks inherent in a particular target business, there is no guarantee that MC Management will properly assess all the significant risk factors in its due diligence. Additionally, at the time any MC Sponsored SPAC enters into an agreement for an initial business combination, neither the SPAC nor MC Management will know how many public stockholders may exercise their redemption rights. If a larger number of shares are submitted for redemption than expected, this could mean that Clients and/or Advisory Client Investors that entered into a forward purchase agreement with such SPACs, would be obligated to provide significant equity capital to such SPACs, and increase their exposure to the risks associated with the business combination transaction and the target company.

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

The market value of ABS will generally vary inversely with changes in market interest rates, declining when interest rates rise and rising when interest rates decline. However, ABS, while having comparable risk of decline during periods of rising rates, usually have less potential for capital appreciation than other investments of comparable maturities due to the likelihood of increased prepayments as interest rates decline. In addition, to the extent any ABS are purchased at a premium, losses due to default and liquidation and unscheduled principal prepayments generally will result in some loss of the holders’ principal to the extent of the premium paid. ABS are subject to whole loan risk and credit risk that the underlying receivables will not be paid by debtors or by credit insurers or guarantors of such instruments.

The underlying assets of ABS may include receivables of any kind, including, without limitation, such items as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property, and receivables from credit card agreements. The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited. As described above, the



values of some other ABS are subject to interest-rate risk and prepayment risk. A change in interest rates can affect the pace of payments on the underlying loans, which in turn, affects total return on the securities. ABS also carry credit or default risk. If many borrowers on the underlying loans default, losses could exceed the credit enhancement level and result in losses to investors in an ABS transaction. The value of ABS may be substantially dependent on the servicing of the underlying asset pools and thus be subject to risks associated with the negligence by, or defalcation of, their servicers. In addition, any fees related to outside loan origination and servicing contracts could negatively affect returns. In certain circumstances, the mishandling of related documentation may also affect the rights of security holders in and to the underlying collateral. The insolvency of entities that generate receivables or that utilize the assets may result in added costs and delays in addition to losses associated with a decline in the value of underlying assets. Furthermore, debtors may be entitled to the protection of a number of state and federal consumer credit laws with respect to ABS, which may give the debtor the right to avoid payment. ABS may be highly illiquid, and the market value of ABS may fluctuate widely. If the Client is forced to liquidate its investments in ABS to satisfy withdrawals, it may be difficult or impossible to do so on favorable terms and may result in losses.

Litigation Finance Investments. Clients may (i) invest in individual commercial legal claims; (ii) finance the costs of defending against individual commercial legal claims; (iii) lend against individual or portfolios of commercial cases managed by selected law firms where the underlying claims fit within the Client's investment profile; and/or (iv) enter into any other structures or contractual arrangements the value of which are derived from the performance or outcome of an underlying legal claim or series of legal claims (collectively, "Litigation Finance Investments").

Various laws and professional regulations addressing litigation generally (including, without limitation, state laws and regulations with respect to legal ethics) are complex and subject to constant change and uncertainty. Certain jurisdictions expressly prohibit or restrict the ability to assign certain claims or to participate in a lawyer's contingent fee interest in a claim. Such prohibitions and restrictions are governed by the rules and regulations of each state and jurisdiction in the United States and vary in degree of strength and overall enforcement. Specifically, some jurisdictions may not permit a Client to make investments in, or engage in other business and financial transactions relating to, certain legal claims. Further, the laws in such jurisdictions may be uncertain enough that a Client may not have the ability or the desire to make such investments, thereby limiting the total size of the potential market for Litigation Finance Investments. There is also a risk that Clients will make an investment in a certain jurisdiction that carries with it a risk that such investment agreement may not be enforced given the uncertainty as to the applicable law and regulations.

MC Management intends to analyze the aforementioned legal and ethical issues as appropriate on an on-going basis and intends to seek outside legal counsel in order to evaluate and monitor these issues. In many jurisdictions, the relevant issues may not have been considered by the courts or addressed directly by statute and/or may be subject to change, so obtaining definitive legal advice may not be possible.

Any failure to comply with any federal, state or local law, rule or regulation could expose a Client to liability, including, without limitation, fines and other penalties, and could jeopardize the ultimate recovery of a positive award or judgment.

Due to competitive, legal and ethical considerations and restrictions, MC Management will not be able to provide the Client investors with details of the cases or legal claims in which it intends to invest or pursue. Client investors will not have an opportunity to evaluate any investment or legal claim themselves and will be wholly dependent upon MC Management's ability to assess and manage investments made by Clients.



Parties to a litigation or arbitration must have the ability to pay a judgment or award if a case outcome ultimately is successful. Part of the case investment process involves MC Management's assessment of this ability to pay. However, if the party is unable to pay or challenges the validity of a judgment or award, a Client may have difficulties ultimately collecting its share of monetary judgments or awards. Further, given the nature of these recoveries, MC Management cannot control the ultimate timing and amount recovered, and there is no assurance that MC Management will be able to predict the timing and/or amount of any such payments.

For the investments that Clients makes, the Client will not be the client of the law firm representing the party to the litigation and will not have the ability to control decisions made by the claimholder, defendant or law firm.

Lawyers are generally required to act pursuant to their clients' directives and are fiduciaries to their clients, not to a Client. The law firms involved also will be subject to an overriding duty to the courts and not a Client. Investment documents will make clear that parties to litigation related to Client investments retain the right to replace their litigation counsel, accept or reject settlement offers, make key strategic decisions and abandon the litigation if they believe it no longer has merit—all without the Client's having any contractual right or ability to direct that a party act otherwise or that the party's counsel disregard its client's directives.

No assurances can be made that MC Management will be able to successfully source suitable legal claims or other opportunities for investment by a Client. Part of MC Management's underwriting process relies on referral relationships with law firms and other third parties. Failure to develop and/or maintain relationships with MC Management's referral network will impact MC Management's ability to identify and choose investments suitable to achieve a Client's ultimate investment objectives.

As part of the due diligence process in which MC Management engages, MC Management might rely on the advice and opinion of outside counsel and other experts in assessing potential claims. Further, MC Management will be dependent upon the skills and efforts of independent law firms to litigate and/or arbitrate cases. There is no guarantee that the ultimate outcome of any case will be in line with a law firm's or expert's initial assessment of the validity and merit of a legal claim.

Investments in Equity Securities Generally. Clients may opportunistically invest in preferred or common stocks or may receive preferred or common stock as part of compensation for making a loan. Issuers of these securities may be small- or medium-sized market capitalization companies. Investments in equity securities of small- or medium-sized market capitalization companies will have more limited marketability than the securities of larger companies. In particular, securities of these sized companies may have greater price volatility. All of a Client's investments in stocks will be subject to normal market risks. While diversification among issuers may mitigate these risks, a Client is not required to diversify its investments in equity securities, and Client investors must expect fluctuations in value of equity securities held by a Client based on market conditions. Because equity securities rank lower in the capital structure of an issuer, such investments may subject Client investors to additional risks not applicable to debt securities. In addition, holders of equity securities may be wiped out or substantially reduced in value in a bankruptcy proceeding or corporate restructuring.

Public Company Holdings. A Client's investment portfolio may contain securities issued by publicly held companies, including special purpose acquisition companies. Such investments may subject a Client to risks that differ in type or degree from those involved with investments in privately held companies. Such



risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Client to dispose of such securities at certain times, increased likelihood of shareholder litigation, and insider trading allegations against such companies' board members, including, in those cases in which where a Client has a board representative, the Investment Committee members, and increased costs associated with each of the aforementioned risks.

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

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

Failure of Counterparties to Perform Obligations. In its ordinary course of business, the Firm relies on various counterparties, which include, but are not limited to, brokers, dealers, banks, custodians, and administrators ("Counterparties"). These Counterparties, with which the Firm does business and on behalf of a Fund, may, from time to time, default on their obligations with or without notice. Such defaults include, but are not limited to, a Counterparty's bankruptcy, insolvency, or other failure. A Counterparty's default on their obligations may impact the Firm's or the Fund's ability to conduct its business in the ordinary course. There is a risk of loss of assets on deposit at the Counterparty. Although government agencies or other organizations provide insurance coverage to depositors in the event of a Counterparty failure, coverage is limited to a specified amount and subject to rules and regulations. Prior events where a government agency or other organization stepped in to make depositors whole over their excess deposits at select Counterparties, which may or may not have a current or prior relationship with the Firm or the Fund, should not be construed as a guarantee that such action will be taken in the future. There is no guarantee that any excess deposits are recoverable. In the event of a Counterparty's default, the Firm will work diligently to access its capital and take actions it deems appropriate while acting in the best interest of the Fund. However, the Firm's access to capital is subject to a variety of external factors that are outside of the Firm's control, including the timing of default, a government agency's or other organization's actions, including the timing of the Counterparty's closure, ability to liquidate the Counterparty's assets, or to effect the Counterparty's sale or dissolution, unforeseeable economic factors or market conditions, and the Counterparty's technology infrastructure operating as intended to facilitate access. Furthermore, the Firm's ability to access capital may have an impact on the Firm's and the Fund's ability to conduct operations in the normal course including, but not limited to paying expenses, funding investment opportunities resulting in delayed or missed opportunities, and calling capital from or making distributions to investors. Deposits concentrated at one or a limited number of Counterparties may amplify these risks.



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

Side Letters. The General Partner to a Client may enter into arrangements with certain investors that have the effect of altering or supplementing the terms of the investor's investments in such Client, including arrangements with respect to waivers or reductions of the Management Fee and/or the Performance-Based Fee, access to portfolio or other information, enhanced transparency, reduced fees or expenses, and limitations on obligations as a result of among other things applicable law or regulation. Under certain circumstances, these agreements could create preferences or priorities for certain investors over other investors in the Client. To the extent that compliance with any of the provisions of any side letter agreements would cause MC Management or its affiliates to violate their respective duties or obligations or to violate any applicable laws, any non-compliance with any such provision will not be deemed to be a breach of such written agreements.

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

Public Health Emergencies; COVID-19. The outbreak of an infectious disease in the United States or elsewhere, such as novel Coronavirus ("COVID-19"), together with any resulting travel restrictions or quarantines, could result in disruptions to employment and supply chains and otherwise have a negative impact on the economy and business activity in the United States and worldwide and thereby adversely affect the business, financial condition, results of operations and prospects of certain companies in which the Clients may be directly or indirectly invested, and may adversely impact the performance of such investments. The risk of further spreading of COVID-19 has led to significant uncertainty and volatility in the financial markets.

The extent to which any Client investments are adversely impacted by the COVID-19 outbreak will largely depend on future developments, which are uncertain and cannot be accurately predicted, including the severity and duration of the outbreak and the actions taken to contain the outbreak. An outbreak of an infectious disease could also have a material adverse effect on the Clients' business prospects, financial condition and operations, including the ability of the Clients and their respective employees and/or third party service providers and other counterparties to render adequate services to or otherwise fully support the administration and operation of the Clients. Additionally, the perception of an outbreak of COVID-19



or another contagious disease may also have an adverse effect on the economic conditions of a particular region and may result in significant market volatility, which could have an adverse effect on the performance of the investments of the Clients. ***Execution Risks and Trade Errors.*** In order to seek positive returns in global markets, the Firm's trading and investment for the Fund may involve multiple instruments, multiple brokers and counterparties and multiple strategies. As a result, the execution of the trading and investment strategies employed by the Firm for the Fund may often require rapid execution of trades, high volume of trades, complex trades, difficult to execute trades and use of negotiated terms with counterparties (such as in the use of derivatives and the execution of trades involving less common or novel instruments), all of which can pose risks. For instance, in light of the high volumes, complexity and global diversity involved, some slippage, errors and miscommunications with brokers and counterparties may occur and could result in losses to the Fund. In such circumstances, the Firm will evaluate the merits of potential claims for damage against brokers and counterparties who are at fault and, to the extent practicable, will seek to recover losses from those parties, but this may not succeed. In its discretion, the Firm may choose to forgo pursuing claims against brokers and counterparties on behalf of the Fund for any reason, including, without limitation, the cost of pursuing claims relative to the likely amount of any recovery and the maintenance of its business relationships with brokers and counterparties.

Limitations and Risks Associated with Sustainability Ratings and Exclusionary Criteria. Any decisions made by each of the Firm and the AIFM regarding the classification and the applicable disclosure requirements under the SFDR and the Taxonomy Regulation are based on a good faith assessment by each such party, and further based on information available to each such party and the market practice at the time any such decision is made. The requirements of SFDR, and in particular the boundaries between the different categories under SFDR are not free from doubt and may change over time and, therefore, adjustments to the Fund's classification may be made due to these uncertainties. Additionally, the investment process supporting the Fund's investment strategy requires data from third party sources regarding ESG matters. Changes to SFDR or the ability of data providers to supply that data may also result in changes to the Fund's classification. There is, therefore, a risk that the Fund's classification under SFDR may change in the future, and investors should recognize that their commitment to the Fund is a binding contractual obligation irrespective of the Fund's current or future SFDR classification. Should the classification of the Fund change, this may result in the Fund having to amend its SFDR and Taxonomy Regulation disclosures. Prospective investors should be aware that SFDR and the Taxonomy Regulation are (i) part of a disclosure regime and should not be relied on as a product labelling regime or as imposing additional obligations other than disclosure requirements in relation to ESG matters, and (ii) further subject to ongoing uncertainties and evolution in material regards as underlying rules and guidance are finalized or issued over time.

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



uncertainty or general economic downturn may have an adverse effect upon such Client's portfolio companies.

Market Disruption and Geopolitical Risk. Various social and political tensions in the United States and around the world may contribute to increased market volatility, may have long-term effects on worldwide financial markets and may cause further economic uncertainties in the United States and worldwide. The AIFM and the Firm do not know when or for how long the financial markets will be affected by such events and cannot predict the effects of any such events in the future on the global economy and securities markets.

Many countries have undergone a substantial political and social transformation and there can be no assurance that the economic, educational and political reforms necessary to complete political and economic transformation will continue. The state of development of certain political systems outside of the United States makes them susceptible to changes and potential weakening from economic hardship and social instability. In certain countries, the extent of the success of economic reform is difficult to evaluate. Information on these economies is often misleading, contradictory or absent. In certain countries, much of the workforce remains under-employed or unemployed. Continued unemployment could cause civil unrest and could hinder the ability of various governments to keep deficit spending in check. Such market volatility and political uncertainty could have an adverse effect on the Clients' ability to achieve their investment objectives.

Russian Invasion of Ukraine. On February 21, 2022, Russian President Vladimir Putin ordered the Russian military to invade two regions in eastern Ukraine (the Donetsk People's Republic and the Luhansk People's Republic). The following day, the United States, United Kingdom and European Union announced sanctions against Russia. On February 24, 2022, President Putin commenced a full-scale invasion of Russia's pre-positioned forces into Ukraine, including Russia's forces pre-positioned in Belarus. In response, the United States, United Kingdom, and European Union imposed further sanctions designed to target the Russian financial system, and thereafter a number of countries banned Russian planes from their respective airspaces. Further sanctions may be forthcoming, and the United States and allied countries announced they are committed to taking steps to prevent certain Russian banks from accessing international payment systems. Russia's invasion of Ukraine, the resulting displacement of persons both within Ukraine and to neighboring countries and the increase in international sanctions could each have a negative impact on the economy and business activity globally, and therefore could adversely affect the performance of the Clients' investments. Furthermore, given the evolving nature of the conflict between the two nations and its ongoing escalation (examples include Russia's decision to place its nuclear forces on high alert and the possibility of significant cyberwarfare by Russia against military and civilian targets globally), it is difficult to predict the conflict's ultimate impact on global economic, business and market conditions, and, as a result, the situation may present material uncertainty and risk with respect to the Clients and the performance of their investments or operations, and the ability of the Clients to achieve their investment objectives.

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



Item 9 Disciplinary Information

This Item requests information relating to legal and disciplinary events in which MC Management or any supervised persons, as defined by the Advisors Act, have been involved that are material to Client's or prospective Client's evaluations of MC Management's advisory business or management. MC Management does not believe there are material reportable legal or disciplinary events related to its advisory business or any of its supervised persons.



Item 10 Other Financial Industry Activities and Affiliations

Affiliated Broker-Dealers

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

Future Affiliated Brokers. In the future, MC Management or its affiliates may establish one or more SEC registered broker-dealers (“Future Affiliated Brokers”). Future Affiliated Brokers will (or may) manage or otherwise participate in underwriting syndicates and/or selling groups with respect to the securities, loans and debt instruments or other financial products of portfolio companies, holding companies, co-investment vehicles and other controlled or non-controlled entities in or through which a Fund, Other Monroe Clients or other third parties invest (including securities that are senior or junior within the capital structure of those held by that Fund or Other Monroe Clients), including in respect of securities or other instruments of such portfolio companies in which a Fund or Other Monroe Clients have not invested (each, a “Brokerage Client”).

Conflicts of Interest Regarding Future Affiliated Brokers. Future Affiliated Brokers and other affiliated entities may from time to time hold positions in instruments or securities and/or loans issued by Brokerage Clients, including, for example, where a Monroe entity commits to fund the shortfall amount, if any, resulting from the incomplete syndication by a Future Affiliated Broker of a portfolio co-investment opportunity. Under such circumstances, a Monroe entity will commit to provide capital support for the syndication on a short-term basis (*i.e.*, to provide certainty to a Fund and/or Other Monroe Clients that there will be sufficient capital to complete the proposed transaction) or fund a different instrument or security in the portfolio company than that held by a Fund and/or Other Monroe Clients to facilitate the syndication, which such Monroe entity may, in either scenario, sell down prior to a Fund and/or Other Monroe Clients disposing of their respective investments in the portfolio company.

A Future Affiliated Broker could act (in the future) as placement agent or underwriter of securities and/or loans of a third party that a Fund and/or an Other Monroe Client purchases (for example, a co-investment vehicle). Where a Future Affiliated Broker acts as a placement agent for a Fund in certain jurisdictions and such Future Affiliated Broker receives compensation for such services, such compensation would be made on a fully disclosed basis. It is not anticipated that the Future Affiliated Brokers would otherwise execute transactions on behalf of a Fund or Other Monroe Clients.

Under certain circumstances, the relationship that MC Management may have with its Future Affiliated Brokers may give rise to a potential conflict of interest between MC Management and a Fund or Other Monroe Clients that have an interest in any portfolio companies or investment vehicles with respect to which the Future Affiliated Brokers provide services (please see the discussion below for further information as to how such conflicts are addressed). In particular, such relationships could create a perception that Monroe has sought to influence a Fund, any Other Monroe Client and/or the portfolio company itself, to act in a manner that benefits Monroe and/or the Future Affiliated Broker. MC Management might be seen as incentivized to seek to influence the decision by a portfolio company’s management to retain a Future Affiliated Broker, or to borrow from or otherwise transact with a Future Affiliated Broker, instead of other unaffiliated broker-dealers or other service providers or counterparties that are more appropriate or offer better terms.



Where a Future Affiliated Broker (or another Monroe entity) acts as a lender to a portfolio company in which a Fund or any Other Monroe Client holds investments in the same or at different levels of the capital structure, under certain cases, the arrangement will lead to a conflict between such Future Affiliated Broker and a Fund or Other Monroe Client in the event of a default by, or the liquidation of, the portfolio company or a restructuring or renegotiation of the terms of the loan (similar conflicts can also arise where Monroe is a lender to a portfolio company out of its proprietary assets).

In addition, a Fund and/or Other Monroe Clients might not be able to participate or will be limited in certain investments because of tax law or regulatory constraints or other conflicts that could exist due to a Future Affiliated Broker's role in such transaction. Where a Future Affiliated Broker would serve as an underwriter with respect to a portfolio company's securities, a Fund, Other Monroe Clients and/or portfolio companies would be, in certain circumstances, subject to a "lock-up" period following the offering, under applicable regulations or agreements, during which time each such entity's ability to sell any securities that it continues to hold would be restricted. This could affect a Fund's or Other Monroe Clients' ability to dispose of such securities at an opportune time. In addition, an entity in which a Fund or Other Monroe Client has invested could become distressed and the participants in the relevant offering could have a valid claim against the underwriters of the relevant offering. Such underwriters could include a Future Affiliated Broker, in which case, a Fund or Other Monroe Client would have a conflict of interest in determining whether to pursue litigation against such underwriters. Where such underwriters include non-affiliated broker-dealers, a Fund or Other Monroe Client could also have a conflict of interest in determining whether to bring a claim because of concerns regarding the relationships of Monroe and its affiliates with such non-affiliated broker-dealers, which could relate to and otherwise benefit other a Fund, Other Monroe Clients or Monroe and its affiliates.

Policies and Procedures to Address Conflicts of Interest. MC Management intends to implement conflicts of interest policies and procedures coincident with the formation of any Future Affiliated Broker, where transactions involving a Fund or any Other Monroe Client and a Future Affiliated Broker or its respective lending vehicles are appropriately reviewed and reported to Monroe's Chief Compliance Officer. In addition, Monroe reviews such transactions to ensure that the requirements of Section 206(3) of the Advisers Act and Rule 206(3)-2 under the Advisers Act, as applicable, in respect of principal transactions between a Fund or any Other Monroe Client and MC Management or its affiliates (including any Future Affiliated Broker), are complied with in the context of such transactions.

Future Affiliated Brokers may, in the future, have access to confidential and/or material non-public information regarding a Fund, Other Monroe Clients and/or their portfolio companies and, subject to applicable law and confidentiality agreements, use such information in connection with financing and other services provided by the Future Affiliated Brokers. Future Affiliated Brokers may also (in the future) provide investment banking, advisory and other services to affiliated or unaffiliated corporations, financial sponsors, management or other persons. Such services could relate to transactions that could give rise to investment opportunities that are suitable for a Fund and/or Other Monroe Clients. In such case, such Future Affiliated Broker's particular client would typically require the Future Affiliated Broker to act exclusively on its behalf, thereby precluding a Fund or Other Monroe Clients from participating in such investment opportunities. No Future Affiliated Broker would be obligated to decline any such engagements in order to make an investment opportunity available to a Fund or Other Monroe Clients. In addition, Future Affiliated Brokers could come into the possession of information through these new relationships and businesses that could limit a Fund's or Other Monroe Client's ability to engage in potential transactions.



Future Affiliated Brokers or MC Management or any of its affiliates may from time to time provide interim financing to, or make investments that are intended to be of a temporary nature in securities of, a third party sponsor or its acquisition vehicle or to another company for the purposes of acquiring a portfolio company or an interest in a portfolio company. Although not limited to such arrangements, this type of financing may, in certain circumstances, be provided (in the future) through pre-arranged buyer financing packages arranged and offered by Future Affiliated Brokers or MC Management or any of its affiliates to potential bidders for the relevant portfolio company or interest. MC Management may face conflicts of interest where any Future Affiliated Broker provides such acquisition financing, in particular in respect of its incentive to select a bidder using such financing for the purposes of creating an investment opportunity for such Future Affiliated Broker and, potentially, related arranging fees for MC Management. Any such financing arrangements will be subject to MC Management's policies and procedures for addressing conflicts.

Affiliated CPO and/or CTA

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

Affiliated Investment Advisers

Monroe Capital BDC Advisors, LLC

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

MC Management and MC Advisors currently share the same physical location and certain supervised persons. MC Advisors is wholly owned by MCIH, which is majority owned and controlled by its general partner, MM Holdco, that is indirectly majority owned by Messrs. Theodore L. Koenig and Michael J. Egan through intermediate holding companies.

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



investments), structuring, monitoring, negotiation and conclusion of investment transactions, and monitoring of investments. Mr. Theodore L. Koenig is the Chairman and Chief Executive Officer of each respective BDC and also currently serves as the managing member and a partner of each of MC Advisors and MC Management. Mr. Mick Solimene is the Chief Financial Officer and Chief Investment Officer of each respective BDC and also currently serves as managing director of MC Management. Both Messrs. Koenig and Solimene serves as interested board of directors for each respective BDC.

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

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

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

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



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

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

Affiliated Relying Advisers

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

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

Affiliated General Partners

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



realized and as a result may create an incentive for the General Partners to time investments, and the realization of investments, so as to maximize Performance-Based Fees rather than the returns of Clients. Lastly, each Client's respective General Partner may be required to return excess amounts of Performance-Based Fees as a "clawback," pursuant to the Client's applicable Governing Documents. This clawback obligation may create an incentive for a General Partner to defer disposition of one or more investments or delay the liquidation of a Client if the disposition and/or liquidation would result in a realized loss to the Client or would otherwise result in a clawback situation for the General Partner.

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

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

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



General Partners	Client(s)
Monroe Capital Private Credit Fund IV GP LLC	Monroe Capital Private Credit (Cayman) Feeder IV (Unleveraged) LP Monroe Capital Private Credit (Delaware) Feeder Fund IV (Unleveraged) LP Monroe Capital Private Credit Feeder Fund IV (Unleveraged) Structured Note LP Monroe Capital Private Credit (Cayman) Feeder IV LP Monroe Capital Private Credit (Delaware) Feeder Fund IV LP
Monroe Capital Private Credit Fund 559 GP, LLC	Monroe Capital Private Credit Fund 559 LP
Monroe Capital Private Credit Fund L LLC	Monroe Capital Private Credit Fund L LP
Monroe Capital Private Credit STARR Fund GP LLC	Monroe Capital Private Credit STARR (Unleveraged) Master Fund 1 LP Monroe Capital Private Credit STARR (Unleveraged) Structured Note Feeder 1-A LP
Monroe Capital Private Credit Versailles GP S.à r.l.	Monroe Capital Private Credit Versailles Master Fund SCSp SICAV-RAIF Monroe Capital Private Credit Versailles Ontario Feeder Fund LP
Monroe Capital Private Fund V GP S.à r.l.	Monroe Capital Private Credit (Lux) Treaty Feeder Fund V SCSp SICAV-RAIF Monroe Capital Private Credit (Lux) Non-Treaty Feeder Fund V SCSp SICAV-RAIF Monroe Capital Private Credit Master Fund V SCSp SICAV-RAIF Monroe Capital Private Credit (Lux) Treaty Feeder Fund V (Unleveraged) SCSp SICAV-RAIF Monroe Capital Private Credit (Lux) Non-Treaty Feeder Fund V (Unleveraged) SCSp SICAV-RAIF Monroe Capital Private Credit Intermediate Fund V (Unleveraged) SCSp SICAV-RAIF Monroe Capital Private Credit Master Fund V (Unleveraged) SCSp SICAV-RAIF
Monroe Capital Private Credit Fund V GP LLC	Monroe Capital Private Credit (Delaware) Feeder Fund V LP Monroe Capital Private Credit (Delaware) Feeder Fund V (Unleveraged) LP Monroe Capital Private Credit Feeder Fund V (Unleveraged) Structured Note LP
Monroe Capital Opportunistic Private Credit GP S.a.r.l.	Monroe Capital Opportunistic II Private Credit (Lux) Feeder Fund SCSp SICAV-RAIF Monroe Capital Opportunistic II Private Credit (Lux) Treaty Feeder Fund SCSp SICAV-RAIF Monroe Capital Opportunistic II Private Credit Master Fund SCSp SICAV-RAIF

Affiliated Loan Origination and/or Servicing Businesses

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

Special Purpose Acquisition Companies

MC Management and certain of its principals, employees and other persons associated with MC Management and its affiliates have to date sponsored and invested in, caused Clients to invest in, and/or acted as officers or directors or provided other services to five SPACs and SPAC-related investments, and may or may not sponsor and invest in, cause Clients to invest in, and provide services to additional SPACs and SPAC-related investments in the future. The five SPACs are: (i) Thunder Bridge Acquisition, Ltd. – having completed an initial public offering in June 2018 and a subsequent business combination with Repay Holdings Corporation; (ii) Thunder Bridge Acquisition II, Ltd. – having completed an initial public offering in August 2019 and a subsequent business combination with indie Semiconductor, Inc.; (iii) MCAP Acquisition Corporation – having completed an initial public offering in February 2021 and a subsequent business combination with AdTheorent, Inc.; (iv) Ocean Drive Acquisition Corporation, which had its registration statement declared abandoned by the SEC in January 2022; and (v) MCAP Acquisition Corporation II, which was abandoned by MC Management before the filing of a public registration statement.

MC Management and its principals, employees, affiliates and related persons that invest in SPACs and MC SPAC Sponsor Equity stand to benefit from their direct and/or indirect ownership in each SPAC, and in particular can potentially benefit (and avoid significant potential losses) if a SPAC successfully completes a business combination before the relevant deadline. Accordingly, such persons may have a conflict of interest in determining whether a particular target business is an appropriate business with which to effectuate a business combination. The SPACs may also compete with the Clients or their portfolio companies for acquisition opportunities and related financing. MC Management will rely on its policies and procedures to resolve any potential conflicts in accordance with its contractual obligations and its fiduciary duty to its Clients.

Selection of Service Providers

Except as may otherwise be provided under the terms of a Client's Governing Documents, MC Management or one or more of its affiliates will generally select Clients' service providers and will determine the compensation of such providers without review by or the consent of an advisory committee,



the investors or an independent party. Clients, regardless of the relationship to MC Management, its affiliates or the person performing the services, bear the fees, costs and expenses related to such services. This may create an incentive for MC Management or an applicable affiliate to select an Affiliated Service Provider or to select service providers based on the potential benefit to MC Management, rather than to Clients. For example, MC Management may select service providers that use its or its affiliates' premises, for which MC Management or one of its affiliates does not currently, but may in the future, receive overhead, rent or other fees, costs and expenses in connection with such on-site arrangement.

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

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

Relationship or Arrangements with Affiliates and/or Related Persons

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



Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

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

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

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

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

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

Confidentiality: Employees must maintain the confidentiality of MC Management’s proprietary and confidential information, and must not disclose that information unless the necessary approval is obtained. MC Management has a particular duty and responsibility, as investment adviser, to safeguard Client information. Information concerning the identity and transactions of investors is confidential, and such



information will only be disclosed to those employees and outside parties who may need to know it in order to fulfill their responsibilities.

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

Personal Trading

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

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

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

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

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



Privacy and Confidentiality

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

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

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

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



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

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

Potential Conflicts of Interest

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

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

Other Fees; Transactions with Affiliates: MC Management, the General Partners and their affiliates may be entitled to receive cash and non-cash director’s fees, commitment fees, investment banking fees, financial consulting fees, break-up fees, termination fees, closing fees or other similar fees paid related to the origination, syndication and servicing of portfolio investments of a Fund received by the General Partners or any of their respective partners, affiliates or employees. See *Item 5 - “Transaction Fees and Other Fees”* above.

Monroe Credit Advisors is a debt placement firm providing advisory services to various middle market borrowers seeking predominately debt capital solutions, a portion of which company is owned indirectly by an affiliate of the MC Management, but not actively managed by its senior management employees (other than Theodore Koenig). A Fund’s General Partner may execute an investment transaction on behalf of such Fund where Monroe Credit Advisors is engaged by a potential borrower. In such a case, Monroe Credit Advisors will earn a market-based fee paid either by the borrower (either directly or by netting out a portion of the closing fee paid by the borrower) that participates in such transaction upon successful completion of the transaction. In such circumstances, the Fund’s General Partner believes that Monroe Credit Advisors occupies a role similar to other third-party debt placement firms and is being compensated in a manner consistent with industry standards (which will include a profit margin, which may be substantial and the fee may be greater than what would have been charged by other third-party debt placement firms). Currently, Monroe Credit Advisors’ fee typically ranges from 1% to 4%.

Joint Venture Companies. In addition, MC Management and its affiliates may establish (and may be the full or partial owner of) one or more Joint Venture Companies (defined below) from which MC Management or its affiliates may earn leveraged equity returns. It is contemplated that MC Management or its affiliates may invest its own equity and/or debt in order to create, capitalize and operate these Joint Venture Companies. Subject to a Fund’s Governing Documents, a Fund may enter into transactions with such Joint Venture Companies, provided, that if there are any conflicts of interest, the Fund’s advisory



committee (or, if no advisory committee has been appointed, a majority-in-interest of Fund investors) has waived such conflict (or the advisory committee has prescribed standards or procedures to address any conflict). For purposes of the foregoing, no conflict of interest shall exist so long as (a) the third party joint venture partners are paid market-based origination fees and (b) none of the applicable General Partner, MC Management or any of their respective principals directly or indirectly receives any compensation in connection with the transaction with the related Joint Venture Company. “Joint Venture Companies” means any one or more joint venture entities established by MC Management or an affiliate thereof with one or more third parties (as to which MC Management or any one of its affiliates may be a full or partial owner or may finance with either equity or debt) for the purpose of creating new financing businesses and/or sourcing proprietary investment opportunities, including without limitation, real estate, equipment leasing, asset-based lending factoring, litigation finance, secondary investments, and/or a variety of specialty finance businesses. Subject to the Governing Documents of a Fund, (i) a Fund’s investments in Joint Venture Companies will typically not exceed 10% of total commitments; and (ii) a Fund’s General Partner will typically notify the Fund’s advisory committee on a semi-annual basis of any transaction involving Monroe Credit Advisors and will provide periodic updates to the advisory committee regarding the status of any transactions involving any Joint Venture Companies.

Other Activities of Management; Allocation of Resources: MC Management personnel will devote such time as will be reasonably necessary to conduct the business affairs of the Clients in an appropriate manner. However, MC Management personnel are not obligated to devote their full time and attention to one Client and may work on other projects, including MC Management’s other investments and other Clients. MC Management currently manages a number of investment funds, single investor vehicles and managed accounts. Accordingly, conflicts may arise in the allocation of management time, services and functions. A Fund may have no interest in such other investments and funds, and it is possible that the investments held by such funds may be in competition with those of a Fund. MC Management or the applicable General Partner may, from time to time, engage in dealings with another investment fund, investment partnership, managed account or other similar investment vehicle or contractual arrangement other than the Fund established, sponsored, owned, managed, advised and/or sub-advised, directly or indirectly, by MC Management or the applicable General Partner or one of their respective affiliates.

Client Governing Documents do not prohibit the applicable General Partner or its affiliates or their respective employees, officers, directors, principals or members from buying or selling securities or commodity interests for their own accounts. The records of any such trades will not be open to inspection by a Fund investor. With respect to such personal accounts, the applicable General Partner, its affiliates or their respective employees, officers, directors, principals or members might take investment positions different from, or contrary to, those taken by a Fund.

Certain persons affiliated with the applicable General Partner may invest directly in a Fund as Fund investors. Such affiliated parties may be charged lower fees (and possibly no fees) than other Fund investors.

Formation of New Affiliated Investment Funds: MC Management may in the future form additional affiliated Clients or arrange SIFs or managed accounts that follow an investment program that is substantially the same as (or that incorporates substantial portions of the investment program of) another Client and/or may create additional conflicts of interest that may not be foreseeable. These activities could be viewed as creating a conflict of interest in that the time and effort of MC Management personnel will not be devoted exclusively to the business of one Fund, but will be allocated between the business of such Fund and the management of the monies and assets of such other Clients.



Multiple Clients and Affiliated Advisors: Certain inherent conflicts of interest arise from the fact that: (i) MC Management provides investment management services to more than one Client; (ii) Clients may have one or more overlapping investment objectives; and (iii) MC Management and MC Advisors are affiliated and provide investment management services to Clients that also may have overlapping investment objectives. In addition, the investment strategies employed by MC Management for its current and future Clients and by MC Advisors for its current and future advisory clients could conflict with the strategies employed by MC Management for current and future Clients, and may affect the prices and availability of the securities and other assets in which such Clients invest. MC Management or MC Advisors also may advise Clients with conflicting investment objectives or strategies. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Clients. MC Management addresses these conflicts of interest by providing in its Joint Code of Ethics that all supervised persons have a duty to act in the best interests of each Client, providing training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under MC Management's and MC Advisors' written policies and procedures, and through the implementation of allocation of investment opportunities policies and procedures.

Allocation of Opportunities: The applicable General Partner and MC Management may, from time to time, be presented with investment opportunities that fall within the investment objectives of a Fund and other investment funds or accounts established, sponsored, owned, managed, advised and/or sub-advised, directly or indirectly, by the applicable General Partner, MC Management and/or any of their respective affiliates (each, an "Other Monroe Client"). In such circumstances, MC Management or the applicable General Partner will allocate such opportunities among a Fund and the Other Monroe Clients in accordance with the terms of the Fund's Governing Documents as generally described below. There may be situations in which the interests of a Fund conflict with the interests of one or more Other Monroe Clients. Subject to the provisions of a Fund's Governing Documents, on any matter involving a conflict of interest, the applicable General Partner will be guided by applicable law and seek to resolve such conflict in good faith.

Subject to the provisions below, the applicable General Partner will present to a Fund all investment opportunities (not including opportunities presented to MC Management by an institutional investor for which MC Management advises a separate account for investment by such institutional investor) which meet the investment objectives of a Fund in the good faith discretion of the applicable General Partner, provided, that the Fund has sufficient capital, such investment opportunity fits the investment parameters of the Fund and the Fund is otherwise capable of making such investment. The classification of an investment opportunity as appropriate or inappropriate for a Fund or any Other Monroe Client will be made by MC Management, in good faith, at the time of purchase, which such determination may be subjective in nature. In cases where a limited amount of a loan, security, instrument or claim is available for purchase, the allocation of such loan, security, instrument or claim among a Fund and such Other Monroe Clients may necessarily reduce the amount thereof available for purchase by such Fund.

Subject to the above limitations, when it is determined by the applicable General Partner that it would be appropriate for a Fund and one or more Other Monroe Clients to participate in an investment opportunity, MC Management will generally allocate such investment opportunity among such Fund and such Other Monroe Clients in proportion to the relative amounts of available capital for new investments, taking into account such other factors as it may, in its sole discretion determine appropriate, including without limitation investment objectives, legal or regulatory restrictions, current holdings, availability of capital for investment, immediately available cash, the size of investments generally, risk-return considerations, relative exposure to market trends, targeted leverage level, targeted asset mix, target investment return, diversification requirements, strategic objectives, specific liquidity requirements, as well as any tax consequences, limitations and restrictions on such Fund or an Other Monroe Client's portfolio that are



imposed by a Fund's or such Other Monroe Client's Governing Documents (*i.e.*, limited partnership agreement, private placement memoranda, offering memorandum, offering circular, indenture, investment management agreement and any applicable side letters), or other considerations or factors that MC Management deems necessary or appropriate in light of the circumstances at such time (collectively, as such criteria and considerations may be amended or otherwise supplemented from time to time by MC Management in its discretion, the "Allocation Criteria"). MC Management will generally allocate follow-on investments among a Fund and such Other Monroe Clients *pro rata* based on their respective outstanding investment size immediately preceding the follow-on investment, subject to certain considerations including but not limited to a Fund's or such Other Monroe Client's desired maximum hold position or any other considerations or factors. For the avoidance of doubt, certain transactions in which Other Monroe Clients invest may not meet a Fund's return parameters if a Fund will not secure financing to fund its investments (other than use of a subscription facility).

In any case where a Fund and one or more Other Monroe Clients invest in the same investment opportunity, such investment will generally be made at the same time and on substantially the same terms and conditions at the investment level, except as may be deemed advisable by MC Management, or appropriate given the circumstances of such investment opportunity, or as required pursuant to the Allocation Criteria. Notwithstanding the foregoing, a Fund and any Other Monroe Clients may invest (i) in different tranches of a credit facility that share the same lien and have the same priority with respect to collateral securing such credit facility, (ii) in different tranches of a credit facility that have different priority with respect to collateral or repayment, or in different levels of the capital structure of a single issuer, provided that such participation is *pro rata* by a Fund and such Other Monroe Client(s) across both tranches so that there is no conflict, (iii) in different tranches of securitized products on market terms, (iv) in equity, equity-like or equity-related securities on a non-*pro rata* basis so long as the aggregate ownership interest by a Fund and such Other Monroe Clients in such equity, equity-like or equity-related securities does not exceed either (A) 20% of the outstanding amount of such equity, equity-like or equity-related securities or (B) 20% of the beneficial ownership of the issuer of such equity, equity-like or equity-related securities (excluding, in each case, any (x) equity ownership from the restructuring of an investment and (y) equity co-investments in connection with any senior secured loans or other loan investments), provided, any private equity sponsor or other investment manager with which MC Management enters into a sub-advisory agreement, or other similar contractual advisory relationship, shall not be deemed an "Other Monroe Client" for these purposes, (v) in an Affiliated Residual Investment (as defined below), and (vi) if MC Management otherwise deems it advisable or appropriate given the circumstances of the investment opportunity (or receives the approval of the Fund's advisory committee with respect to such investment opportunity). Furthermore, when the applicable General Partner determines in good faith that it would be appropriate (whether pursuant to a previously agreed upon arrangement or otherwise) for a third party to participate in an investment opportunity in which a Fund and/or the Other Monroe Clients will participate, such General Partner will use its business judgment and act in a manner that it considers fair and reasonable in seeking to allocate such investment opportunity on an equitable basis, taking into account any such considerations that it deems necessary or appropriate in light of the circumstances at such time.

Subject to the provisions of a Fund's Governing Documents, if a Fund makes an investment, directly or indirectly (including through risk retention-related promissory notes issued by an affiliate of MC Management), in a securitized product sponsored by MC Management or its affiliates, MC Management or its affiliates will be entitled to receive compensation in the form of a management fee, incentive fee or other "carried interest" from such securitized product that is consistent with market terms for similar vehicles and similar to compensation that is paid to a non-affiliated third-party manager providing similar services; provided, that such Fund's proportionate share of any such compensation (based on the proportion of such Fund's investment in such securitized product to the total debt and equity capital invested in such securitized product) is either waived, rebated to such Fund or offset on a dollar-for-dollar basis against management



fees paid by such Fund to the applicable General Partner and/or MC Management, as applicable. An investment by a Fund in a securitized product managed by an affiliate of MC Management will facilitate the ability of MC Management and its affiliates to raise debt and equity capital for such securitized products from third parties.

Where there are conflicts of interest in allocating a particular investment between a Fund and Other Monroe Clients, there can be no assurance that a Fund will make such investment, even if the investment satisfies such Fund's investment objectives. In addition, in circumstances in which a Fund may make an investment that Other Monroe Clients have already made, or concurrently will make or seek to make, liquidity and concentration considerations may limit such Fund's participation in such investment or its ability to dispose of the investment readily. Furthermore, in such circumstances, such Fund, on the one hand, and such Other Monroe Clients, on the other hand, may have conflicting interests and investment objectives, including with respect to the timeframe for disposing of the investment, and therefore, the applicable General Partner or its affiliate may take action with respect to an investment on behalf of one of such Other Monroe Clients and such Fund that differs from the action taken with respect to the investment on behalf of any other of such Other Monroe Clients and such Fund. If an Other Monroe Client participates in a particular investment, there can be no assurance that the returns on such investment by such Fund will be equivalent to, or better than, the returns obtained by such Other Monroe Client on such investment.

Investments in which Other Monroe Clients Have a Different Principal Interest: As discussed above, it is possible, pursuant to the Allocation Criteria that a Fund may invest in portfolio investments or other issuers in which Other Monroe Clients may invest in different parts of the capital structure. The interests of a Fund may not be aligned in all circumstances with the interests of the Other Monroe Clients to the extent that they hold more junior or senior debt or equity interests, as the case may be, which could create actual or potential conflicts of interest or the appearance of such conflicts. In that regard, actions may be taken by the Other Monroe Clients that are adverse to a Fund. The interests of a Fund and/or Other Monroe Clients investing in different parts of the capital structure of an issuer are particularly likely to conflict in the case of financial distress of the issuer (or increased financial stress after a Fund invests in the issuer). For example, if additional financing is necessary as a result of financial or other difficulties, it may not be in the best interests of a Fund, as a holder of senior secured debt issued by such issuer, to provide such additional financing. If Other Monroe Clients holding equity positions were to lose their respective investments as a result of such difficulties, the ability of the applicable General Partner or MC Management to recommend actions that are in the best interests of such Fund might be impaired. The reverse is true where another Other Monroe Client holds debt in an issuer where a Fund holds equity. In addition, it is possible that, in a bankruptcy proceeding, a Fund's interests may be subordinated or otherwise adversely affected by virtue of such Other Monroe Client's involvement and actions relating to their investment. There can be no assurance that the term of or the return on a Fund's investment will be equivalent to or better than the term of or the returns obtained by the Other Monroe Clients participating in the transaction. This may result in a loss or substantial dilution of a Fund's investment, while another Other Monroe Client recovers all or part of amounts due to it. Similarly, the applicable General Partner's ability to implement a Fund's strategies effectively may be limited to the extent that contractual obligations entered into in respect of the activities of the Other Monroe Clients impose restrictions on a Fund engaging in transactions that the applicable General Partner may be interested in otherwise pursuing.

Conflicts Relating to Investments in MC Sponsored SPACs. In connection with sponsoring SPACs and managing the investments of Clients in such SPACs, MC Management is and will be faced with actual and potential conflicts of interest. The devotion of time and effort of certain employees in sponsoring SPACs could be viewed as creating a conflict of interest in that the time and effort of certain MC Management employees will not be devoted exclusively to the business and affairs of the Clients. The MC Management



employees will devote such time and resources as they deem necessary or advisable to effectively manage each Client's business and affairs.

As described above, it is anticipated that MC Management employees will continue to serve as directors and/or officers of MC Sponsored SPACs and/or any acquisition target of such SPACs that becomes publicly listed on an exchange (each, an "Acquired Company"). MC Management, its principals, its employees, its affiliates or other related persons may face a conflict between the duties owed to Clients and the duties owed to such SPACs or Acquired Companies. In addition, in connection with their investment activities, MC Sponsored SPACs may engage with issuers in which the Clients invest or other companies with which the Clients transact business. The interests of the Clients may not be aligned in all circumstances with the interests of such SPACs. There can be no assurance that the board membership and/or the involvement of certain MC Management employees with respect to SPACs or Acquired Companies, or the engagement with issuers, in each case, will result in favorable results for the Clients.

MC Management, its principals, its employees, its affiliates and/or other related persons have received, and expect to continue to receive, economic benefits in connection with their investments in MC SPAC Sponsor Equity. Advisory Client Investors have also invested in MC SPAC Sponsor Equity. In addition, MC Management, its principals, its employees, its affiliates and/or other related persons and Advisory Client Investors were issued warrants of such SPACs.

In addition to investing in MC SPAC Sponsor Equity and/or warrants with respect to an MC Sponsored SPAC, Advisory Client Investors have participated and may, in the future, participate in an IPO of such SPAC, enter into a forward purchase agreement with such SPAC, and/or participate in any associated PIPE. By directing the advisory clients to invest in the securities of such SPACs, MC Management is presented with a conflict of interest. MC Management, on the one hand, is incentivized to increase the value of MC Sponsored SPACs or an Acquired Company, including to preserve the benefits associated with MC Management's investments in MC SPAC Sponsor Equity. Such MC Management principals and employees, on the other hand, owe certain duties to MC Management and Clients. Thus, MC Management faces a conflict of interest in determining the size and scope of the investment by each Client in any MC Sponsored SPACs and/or any Acquired Company.

In connection with any MC Sponsored SPAC, Clients may also enter into a forward purchase agreement with an issuer to participate in a private placement transaction, which would close concurrently with the initial business combination of such SPAC. The terms of such forward purchase agreement would be negotiated by MC Management, on behalf of the Clients, in its discretion. The Clients could thereby be in a position of providing capital to support MC Management, its principals, its employees, its affiliates and/or other related persons and Advisory Client Investors and the MC SPAC Sponsor Equity that they own with no guarantee that such capital investment will be profitable for the Clients. In addition, the Clients may enter into a forward purchase agreement that is structured as a backstop to help fund redemptions from public stockholders that choose to not participate in the proposed business combination, which could obligate the Clients to provide additional capital to such SPAC in order to consummate the business combination.

Other Monroe Clients: MC Management and its affiliates (and their respective principals, officers, directors, partners, shareholders, members, managers, employees, agents, affiliates or other representatives) may give advice or take action with respect to their other investment funds and investments that differs significantly from the advice given with respect to a Fund.



MC Management or its affiliates may engage in transactions in which it causes a Fund to purchase securities or other instruments from, or sell securities or other instruments to, other funds or managed accounts managed by the applicable General Partner and/or its affiliates, so called “cross-trades,” for other reasons as may arise from time to time, including to acquire or dispose of Affiliated Residual Investments (as defined below). In particular, at the end of the term of a Fund, the applicable General Partner and/or its affiliates may cause any remaining assets of such Fund to be sold to Other Monroe Clients in such cross-trades. A Fund’s General Partner and/or its affiliates will not take brokerage commissions or otherwise be compensated for effecting these cross-trades. A Fund’s General Partner intends that cross-trades will reflect the fair market value of the security or other instrument being purchased or sold as determined by such General Partner and/or its affiliates in accordance with MC Management’s policies and procedures. Prior to effecting any cross-trade, the applicable General Partner will make a good faith determination that the transaction is in the interests of a Fund and the other participating client account.

Co-Investments: A Fund’s General Partner may in its discretion, from time to time, depending on the type of investment opportunity, offer co-investment opportunities with respect to a Fund’s investments to one or more Fund investors and/or other persons or entities, but will be under no obligation to offer such opportunities to the Fund investors under the Governing Documents of such Fund. A Fund’s General Partner will allocate available investment opportunities among a Fund and any such other parties as it may in its sole discretion determine (including without limitation Other Monroe Clients, affiliates of the General Partner or MC Management (and/or their respective family members), one or more Fund investors or investors in Other Monroe Clients, and any person or entity who the Fund’s General Partner believes may be of benefit to such Fund (or one or more Fund investments) or who may provide a strategic, sourcing or similar benefit to MC Management, a Fund, any investment of the Fund or one or more of their respective affiliates due to industry expertise or otherwise, including finders, senior advisors, originators and/or consultants of a Fund), and may also organize one or more entities to invest in a Fund or to co-invest alongside a Fund to facilitate personal investments by such persons or entities. Notwithstanding the foregoing, MC Management is permitted to agree with certain Fund investors or other third parties to offer co-investment opportunities, including on a priority basis not offered to other potential co-investors. Such co-investors may or may not pay carried interest, performance fees, management fees or other compensation to the applicable General Partner and/or MC Management or their affiliates and, unless any co-investors otherwise agree, a Fund may bear the entire amount of any break-up fee or broken deal expense or other fees, costs and expenses related to an investment that is not consummated. Co-investments may be funded or committed before or after the time that a Fund makes its funding or commitment; *provided*, that the amount paid by any co-investors represents fair value as determined in the sole discretion of MC Management. Any co-investment may be provided on such terms and conditions as the applicable General Partner and/or MC Management and the co-investors participating therein agree.

In addition, certain co-investors co-investing with a Fund may invest on different (and more favorable) terms than those applicable to a Fund and may have interests or requirements that conflict with and adversely impact a Fund (for example, with respect to their liquidity requirements, available capital, the timing of acquisitions and dispositions or control rights). MC Management will generally seek to ensure that a Fund, any co-investors and Other Monroe Clients participate in any investment (and any related transactions) on comparable economic terms to the extent MC Management determines appropriate and subject to legal, tax and regulatory considerations. Investors should note, however, that participation by a Fund in certain investments on comparable economic terms with co-investors and Other Monroe Clients may not be appropriate in all circumstances and that a Fund may participate in such investments on different and potentially less favorable economic terms than such parties if MC Management deems such participation as being otherwise in a Fund’s best interests (*e.g.*, by allowing a Fund to participate in an investment that it would otherwise not have been able to participate in due to, among other reasons, required minimum commitment amounts). This may have an adverse impact on a Fund.



In order to facilitate an investment, a Fund may make (or commit to make) an investment with a view to selling a portion of such investment to co-investors or other persons prior to or within a brief period after making such investment. In such event, a Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms and that, as a consequence, a Fund may bear the entire amount of any break-up fee or other fees, costs and expenses related to such investment, hold a larger portion than expected in such investment, or may realize lower than expected returns from such investment. A Fund will also bear the risk that any co-investors acquiring an interest in an investment after the closing of such investment may acquire such interest on terms that may not reflect the then-current value of such investment. A Fund may also borrow to fund the portion of an investment that it intends to sell to co-investors. If the prospective co-investors do not ultimately invest in such investment, a Fund will bear the interest and other expenses relating to any such borrowing or investment as well as any broken deal expenses.

There is no guarantee for a Fund itself that it will be offered any co-investment opportunities. In addition, the terms of any co-investment will be as negotiated by MC Management or its affiliates with the applicable co-investor, and no such co-investor should assume that a particular advisory fee rate, carried interest rate or other term or provision will be offered as a result of, among other things, such co-investor's investment in a Fund or any Other Monroe Client.

Placement Activities: MC Management personnel involved in marketing the Funds are acting for the applicable General Partner and not acting as investment, tax, financial, legal or accounting advisors to potential investors in connection with the marketing of the Fund interests. Potential investors must independently evaluate the offering and make their own investment decisions.

MC Management and the applicable General Partner has and may in the future enter into arrangements with third-party placement agents to solicit Fund investors. Placement agents that solicit Fund investors on behalf of a Fund are subject to a conflict of interest because they will be compensated by MC Management or the applicable General Partner in connection with their solicitation activities. Placement agents or other financial intermediaries may also receive other compensation, including placement fees with respect to the acquisition of Fund interests by Fund investors. Such agents or intermediaries may have an incentive in promoting the acquisition of Fund interests in preference to products with respect to which they receive a smaller fee. Prospective investors should take the existence of such fees and other compensation into account in evaluating an investment in a Fund.

Service Providers: Certain advisors and other service providers, or their affiliates (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants and investment or commercial banking firms), to a Fund and the issuers of a Fund's portfolio investments may also provide goods or services to or have business, personal, political, financial or other relationships with MC Management or its affiliates. Such advisors and service providers may be investors in Other Monroe Clients, sources of investment opportunities for MC Management or its affiliates, a Fund or Other Monroe Clients or may otherwise be co-investors with or counterparties to transactions involving the foregoing. These relationships may influence a Fund's General Partner in deciding whether to select or recommend any such advisor or service provider to perform services for a Fund or an issuer (the cost of which will generally be borne directly or indirectly by a Fund or issuers of a Fund's portfolio investments, as applicable). Notwithstanding the foregoing, a Fund's General Partner will generally seek to engage advisors and service providers in connection with investment transactions for a Fund that require their use on the basis of the overall quality of advice and other services provided, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that a Fund's General Partner believes to be of benefit to a Fund.



In certain circumstances, advisors and other service providers or their affiliates may charge rates or establish other terms in respect of advice and services provided to MC Management or its affiliates, Other Monroe Clients or their portfolio investment issuers that are different and more favorable than those established in respect of advice and services provided to a Fund and its portfolio investments. Service providers affiliated with MC Management or its affiliates will earn a profit for their services and need not be the least cost provider.

Other Relationships: A Fund may invest in portfolio companies that have relationships with affiliates of the Fund's General Partner or MC Management. Such affiliates may take actions that are detrimental to the interests of a Fund in such portfolio companies. Subject to the provisions of a Fund's Governing Documents, on any matter involving a conflict of interest, the Fund's General Partner will be guided by applicable law and seek to resolve such conflict in good faith.

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

Side Letter Arrangements with Fund Investors: A Fund's General Partner and/or the Firm may and intend to (without the consent of any person, including any other Fund investor) enter into arrangements with certain Fund investors that have the effect of altering or supplementing the terms of the Fund investor's investments in a Fund, including arrangements with respect to waivers or reductions of the Management Fee and/or Performance-Based Fee, access to portfolio or other information, enhanced transparency, reduced fees or expenses, and limitations on obligations as a result of among other things applicable law or regulation. Under certain circumstances, these agreements could create preferences or priorities for certain Fund investors over other Fund investors in the Fund, particularly with respect to Fund investors that the Firm deems to have a strategic relationship. To the extent that compliance with any of the provisions of any side letter agreements would cause a Fund, its General Partner or any of their respective affiliates to violate their respective duties or obligations or to violate any applicable laws, any non-compliance with any such provision will not be deemed to be a breach of such written agreements.

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

Diverse Investors: The investors in a Fund may include taxable and tax-exempt entities (including ERISA plan investors) and may include persons or entities organized in various jurisdictions, including non-U.S. investors, who may have conflicting investment, tax and other interests with respect to their investment in a Fund. As a consequence, conflicts of interest may arise in connection with decisions made by a Fund's General Partner that may be more beneficial for one investor than for another investor.

Fiduciary Duties: Fund investors should note that the Governing Documents of a Fund may contain provisions that, subject to applicable law, reduce or eliminate the duties, including certain fiduciary and



other duties, to a Fund and the Fund investors to which the Fund's General Partner or MC Management would otherwise be subject, provisions that waive or consent to conduct on the part of the Fund's General Partner or MC Management that might not otherwise be permitted pursuant to such duties, and provisions that limit the remedies of Fund investors with respect to breaches of such duties. If any matter arises that the Fund's General Partner determines in its good faith judgment constitutes an actual conflict of interest, the Fund's General Partner may take such actions as it determines in good faith may be necessary or appropriate to mitigate the conflict (and upon taking such actions, the Fund's General Partner will be relieved of any liability for such conflict to the fullest extent permitted by law and will be deemed to have satisfied its fiduciary duties related thereto to the fullest extent permitted by law). The Fund's General Partner or MC Management may choose to present conflicts of interest to the Fund's advisory committee (or other committee formed by the Fund's advisory committee for the purpose of reviewing conflicts) as provided for in the applicable Fund's Governing Documents.

Transactions with Monroe Funds and Third-Party Funds: Subject to the provisions of a Fund's Governing Documents, a Fund may acquire investments from Other Monroe Clients or funds advised by MC Management at their fair value as determined by a valuation agent appointed by MC Management to value the investment for both a Fund and the liquidating fund or Other Monroe Client ("Affiliated Residual Investments"). In doing so, the Fund's General Partner or MC Management may have an incentive to cause a Fund to acquire such investments in order to facilitate the complete and orderly liquidation of the Other Monroe Client or fund such that MC Management's factors in considering such an acquisition by the Fund may take into consideration the best interests of all the liquidating Other Monroe Client or fund as well as those of the Fund and will not be constrained by acting solely in the exclusive best interests of the Fund. There is the risk to a Fund in acquiring Affiliated Residual Investments (and a significant probability) that the value ultimately realized by a Fund will be materially different (and may be less) than the fair value estimated by the independent valuation agent. It is anticipated that any Affiliated Residual Investment will be difficult to value accurately and that realization of such investments may be well into the future such that the amount ultimately realized will turn on the passage of time, the creditworthiness of the issuer, interest rate fluctuations and numerous other factors.

Other Monroe Clients and funds may acquire investments from a Fund, including, without limitation, investments that have not matured or are otherwise outstanding as part of the process of a Fund's complete and orderly liquidation. In this context, MC Management may have an incentive to cause a Fund to sell Affiliated Residual Investments to another fund or Other Monroe Client either to "prime" such other fund or client or to facilitate the liquidation of a Fund. By investing in a Fund, prospective Fund investors will consent that MC Management will not be constrained by acting solely in the exclusive best interests of the Fund when causing the Fund to sell Affiliated Residual Investments to such other fund or Other Monroe Client at an independently estimated fair value. There is the risk to the Fund (and the probability) that the value ultimately received by such other fund or Other Monroe Client at a date in the future may be materially different (and may be more than) the price paid to the Fund.

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



owe fiduciary duties to other owners of the portfolio companies, which may be other Clients, and to persons other than Clients.

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

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

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

Notwithstanding the maintenance of restricted lists and other internal controls, it is possible that the internal controls relating to the management of material non-public information could fail and result in MC



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

In an effort to mitigate these risks, MC Management maintains a Joint Code of Ethics, as described herein above, and provides training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under MC Management's policies and procedures. **Policies and Procedures.** This Brochure describes, in summary fashion, certain policies, guidelines, procedures and practices relating to Monroe's current approach to sourcing, evaluating, structuring, originating, effecting, creating value in and realizing investments (collectively, the "Current Procedures"). Over time, some or all of these Current Procedures may change, and there can be no assurance that MC Management will not vary from its Current Procedures with respect to the Fund in the future. In addition, from time to time, the General Partner may adopt, revise or rescind investment-related policies with respect to the Fund for the purposes of regulatory compliance, including for the purpose of establishing regulatory categorization or regulatory treatment of the Fund, the General Partner and/or their respective affiliates. Such policies may limit or restrict activities of the Fund and shall be operative to the extent provided in such policies.

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



Item 12 Brokerage Practices

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

Counterparty Selection

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

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

MC Management may not weigh any of these factors equally.

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



Soft-Dollars Arrangements

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

Brokerage for Client Referrals

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

Directed Brokerage

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

Order Aggregation

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



Item 13 Review of Accounts

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

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

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

Nature and Frequency of Reporting

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



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

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



Item 14 Client Referrals and Other Compensation

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

In the event MC Management engages a third-party to solicit or refer advisory clients (each a “Solicitor”), such third-party client solicitation arrangements will be made in compliance with Rule 206(4)-3 of the Advisers Act (the “Cash Solicitation Rule”), which requires that, among other things, compensation to a Solicitor be made pursuant to a written agreement and, for third-party Solicitor arrangements, that the Solicitor provide to each person solicited for MC Management’s advisory services, a written disclosure statement (the “Solicitor’s Disclosure Statement”) and current copy this Brochure.

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



Item 15 Custody

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

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

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

MC Management's Agency Account

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

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

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



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

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



Item 16 Investment Discretion

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



Item 17 Voting Client Securities

Proxy Voting Authority

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

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

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

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



Item 18 Financial Information

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

