

selling institutions may not vote in favor of any amendment, modification or waiver that forgives principal, interest or fees, reduces principal, interest or fees that are payable, postpones any payment of principal (whether a scheduled payment or a mandatory prepayment), interest or fees or releases any material guarantee or security without the consent of the participant (at least to the extent the participant would be affected by any such amendment, modification or waiver). Selling institutions voting in connection with a potential waiver of a restrictive covenant may have interests different from those of the Issuer, and such selling institutions might not consider the interests of the Issuer in connection with their votes. In addition, many participation agreements that provide voting rights to the holder of the Participation further provide that if the holder does not vote in favor of amendments, modifications or waivers, the selling lender may repurchase such Participation at par.

Debt obligations in the form of loans rather than bonds are generally subject to additional liquidity risks and, in some cases, credit risks. Loans are not generally traded in organized markets but are traded by banks and other institutional investors engaged in syndications and loan participations, respectively. Consequently, there can be no assurance that there will be any market for any loan if the Issuer is required to sell or otherwise dispose of such loan. Depending on the terms of the underlying loan documentation, consent of the borrower may be required for an assignment, and a purported assignee may not have any direct right to enforce compliance by the obligor with the terms of the loan agreement in the absence of this consent. A holder of a Participation is subject to additional risks not applicable to a holder of a direct interest in a loan. In the event of the insolvency of the selling institution, under the laws of the United States and the various states thereof, a holder of a Participation may be treated as a general creditor of the selling institution and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the loan. Consequently, the holder of a Participation will be subject to the credit risk of the selling institution as well as of the borrower. Participants also often do not benefit from the collateral (if any) supporting the loans in which they have a participation interest because Participations often do not provide a purchaser with direct rights to enforce compliance by the borrower with the terms of the loan agreement or any rights of set-off against the borrower. The Investment Manager is not required, and does not expect, to perform independent credit analyses of the selling institutions.

The Collateral may include Second Lien Loans that are subordinated in right of payment to senior secured loans and other secured debt obligations of the related obligor. Accordingly, they are subject to a greater risk than senior secured loans that the available cash flows and the property, if any, securing such loans may be insufficient to make the scheduled payments and they may be subject to a higher degree of credit risk and more price volatility and may be less liquid than senior secured loans. Such loans may be subordinated to first lien debt obligations with respect to specific collateral of the obligor and, in the event that the proceeds or value of such collateral is insufficient to repay the first lien debt obligations, the Second Lien Loans will likely suffer a loss of principal and interest. Such Second Lien Loans will generally have rights that are subordinated to those of the first lien debt obligations. Second Lien Loans are subject to the same risks as senior secured loans, including credit risk, market risk, liquidity risk and interest rate risk. However, due to the subordinated nature of these loans they involve a higher degree of overall risk than the senior secured loans of the same obligor.

Investing in Non-U.S. Assets. A portion of the Collateral is expected to be securities and obligations of issuers that are not domiciled in the United States. Such non-U.S. securities and obligations are subject to regional economic conditions and sovereignty risks not normally associated with investments in United States issuers, including risks associated with political and economic uncertainty, fluctuations of currency exchange rates, differing levels of disclosure and regulation of non-U.S. nations or other taxes imposed with respect to investments in non-U.S. nations, foreign currency exchange controls (which may include suspension of the ability either to transfer currency from a given country or to repatriate investments) and uncertainties as to the status, interpretation and application of laws. In addition, information about non-U.S. issuers is often less publicly available than information about U.S. issuers.

Moreover, non-U.S. issuers may not be subject to uniform accounting, auditing and financial reporting standards, and auditing practices and requirements may not be comparable to those applicable to U.S. companies. It may also be more difficult to obtain and enforce a judgment relating to obligations of non-U.S. persons in a court outside of the United States.

Acquisition and Sale of Collateral. By the Closing Date, the Issuer will have purchased or entered into agreements to purchase Collateral Obligations with an aggregate principal balance of approximately \$260 million. The Investment Manager expects to purchase (and enter into agreements to purchase) additional Collateral Obligations